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# ***Daily Report***

## **China**

FBIS-CHI-90-230  
Thursday  
29 November 1990

# Daily Report

## China

FBIS-CHI-90-230

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29 November 1990

NOTICE TO READERS: An \* indicates material not previously disseminated in electronic form.

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## General

### Foreign Ministry Holds Weekly News Briefing

#### Gulf, Qian's Visit Viewed

OW2911093390 Beijing XINHUA in English  
0915 GMT 29 Nov 90

[Text] Beijing, November 29 (XINHUA)—A Chinese Foreign Ministry spokesman today called on the international community to continue unremitting efforts for a peaceful settlement of the Gulf crisis.

Spokesman Li Zhaoxing, responding to a question at a news briefing this afternoon, said it is "a question of great importance" if the U.N. Security Council was to authorize the use of force against Iraq.

Therefore, he said, "That should be handled with prudence."

"We hold that the international community should continue working for a peaceful settlement of the crisis, as long as a glimmer of hope for achieving such a settlement remains."

He also noted how Iraq, in disregard of the repeated appeal of the international community, refuses to implement the U.N. Security Council resolutions demanding its withdrawal of troops from Kuwait.

"This is unacceptable," he said. "Iraq should withdraw its troops from Kuwait unconditionally and as soon as possible."

As for Chinese Foreign Minister Qian Qichen's official visit to the United States at the invitation of U.S. Secretary of State James Baker, Li said it has nothing to do with Qian's attending the U.N. Security Council meeting, and the two events are "different matters".

#### Comments on UN Veto Right

HK2911132690 Hong Kong AFP in English 1317 GMT  
29 Nov 90

[Text] Beijing, Nov 29 (AFP)—China denied Thursday it was trying to use its vote in the United Nations Security Council as a bargaining counter to improve ties with the United States.

"I don't think there is such a question as using the right of veto as a bargaining method with the United States," Foreign Ministry spokesman Li Zhaoxing told a weekly press conference.

In a report Thursday from New York on a meeting between Chinese Foreign Minister Qian Qichen and U.S. Secretary of State James Baker, the official NEW CHINA News Agency made no mention of how China would vote in a Security Council debate on a resolution authorising the possible use of force against Iraq.

Mr. Qian said Wednesday China would not vote in favour of adopting the resolution, but did not say whether it would abstain or use its right of veto.

### Announces Li's Asian Trip

OW2911083990 Beijing XINHUA in English  
0742 GMT 29 Nov 90

[Text] Beijing, November 29 (XINHUA)—Chinese Premier Li Peng will visit four Asian countries beginning December 10, a Chinese Foreign Ministry spokesman announced at the weekly news briefing here today.

The four countries are Malaysia, the Philippines, Sri Lanka and Laos.

### Congratulates John Major

OW2911085890 Beijing XINHUA in English  
0842 GMT 29 Nov 90

[Text] Beijing, November 29 (XINHUA)—China congratulates John Major on his assuming as new British prime minister, Chinese Foreign Ministry spokesman said at the weekly news briefing here this afternoon.

In response to a XINHUA reporter's question, the spokesman said China hopes that Sino-British relations would be further developed and strengthened on the present basis during Major's term as prime minister and that Sino-British joint declaration on the Hong Kong issue be sincerely implemented.

This is not only in the fundamental interests of the peoples of the two countries, but also conducive to world peace and stability, the spokesman added.

### Criticizes Hun Sen's Remarks

HK2911090690 Beijing XINHUA in English  
0900 GMT 29 Nov 90

[Text] Beijing, November 29 (XINHUA)—Chinese Foreign Ministry spokesman criticized Hun Sen's rejection to the UN plan and his refusal to dissolve the Phnom Penh government at the weekly news briefing here this afternoon.

The spokesman, Li Zhaoxing, made the criticism when asked to comment on Hun Sen's remarks on November 25.

Li said said that the just concluded Paris working meeting on the Cambodian question achieved "positive results" in helping bring about a comprehensive political settlement of the question.

However, he said, the Phnom Penh side, in disregard of the appeal of the international community and the Cambodian people's aspiration for peace, has once again rejected the relevant documents on a political settlement of the Cambodian question and continued to raise new issues with regard to the composition of the Supreme National Council of Cambodia, thus obstructing the process leading to a political settlement of the question.

He said the Phnom Penh side should, proceeding from the overall national interest of Cambodia, adopt a "flexible attitude" and join the other parties of Cambodia in electing Prince Sihanouk to the chairmanship of the

Supreme National Council as soon as possible in accordance with the relevant Perm Five documents, the UN Security Council Resolution 668 and the joint communique of the four Cambodian parties issued in Jakarta, so that the council will be able to start its normal functioning and the Paris international conference resume at an early date.

### Arrest of Dissidents Viewed

HK2911102890 Hong Kong AFP in English 1021 GMT 29 Nov 90

[Text] Beijing, Nov 29 (AFP)—China refused Thursday to confirm that six people arrested after last year's political crackdown had been charged, and lashed out at foreign media for interfering in Chinese affairs under the pretext of defending human rights.

"The Chinese Government attaches importance to (human rights)," Foreign Ministry Spokesman Li Zhaoxing told a weekly news conference here.

"I don't think it is appropriate by some individual to make random remarks about the internal affairs of other countries with the excuse of human rights," he said, and called on journalists to focus on China's economic development rather than rumors.

Mr. Li said he knew nothing about reports that six people arrested after the June 4, 1989 suppression of pro-democracy protests here had been charged, including Chen Ziming and Wang Juntao, director and editor-in-chief respectively of the ECONOMIC STUDIES WEEKLY.

According to Chinese sources, the two men were charged Saturday with "sedition and counter-revolutionary propaganda" after spending more than a year in prison.

Four others arrested following the crackdown were also charged, the sources said. Under Chinese law, they are to be tried in the next three months.

Since early November, between 20 and 30 others have been tried in Beijing courts although the verdicts have not been released, they said.

### ADB Loans Welcomed

OW2911105090 Beijing XINHUA in English 1037 GMT 29 Nov 90

[Text] Beijing, November 29 (XINHUA)—China welcomes the Asian Development Bank's (ADB) decision to resume loans to China, said a Chinese Foreign Ministry spokesman at the weekly news briefing here this afternoon.

When asked to comment on the ADB's decision, the spokesman said that a loan of 50 million U.S. dollars just approved by the ADB to the Agriculture Bank of China represents ADB's first grant to China since June last year. "We welcome this," he said.

The spokesman said that he hoped ADB would "lose no time" in discussing and approving all the remaining

programs of loans to China and resume "comprehensively" loans to China as soon as possible, so that the relations between ADB and China will be normalized at an early date.

### Denies Jet Fighter Deal

HK2911113690 Hong Kong AFP in English 1133 GMT 29 Nov 90

[Text] Beijing, Nov 29 (AFP)—China Thursday denied reports that it had signed a one billion dollar deal to upgrade Burma's Air Force, dismissing them as rumours.

The reports that "China has signed a one billion dollar contract on arms with Burma is sheer rumour," a foreign ministry spokesman said.

Reports in Bangkok earlier this week citing diplomatic sources said China would sell Burma 24 jet fighters to re-arm its antiquated Air Force.

### Views Wan Li's UK Visit

HK2911140890 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1246 GMT 29 Nov 90

[Text] Beijing, 29 Nov (ZHONGGUO TONGXUN SHE)—At a regular press briefing held here today, Chinese Foreign Ministry spokesman Li Zhaoxing talked about Wan Li's visit to Britain.

When a reporter said that someone saw Wan Li playing tennis, and asked whether this meant that he would visit Britain soon, Li Zhaoxing replied: "I have never heard" of such a report.

As advised by his doctor, Li continued, Wan Li must rest for some time, so he had to postpone his visit to Britain.

Of course, we hope Chairman Wan Li will recover soon so that he can start his tour to Britain, Li Zhaoxing said.

Li said that such a high-level visit would be very useful in further improving Sino-British friendly relations.

### Qian's Beijing Press Conference Reported

HK2911062090 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 29 Nov 90 p 1

[By Wen Xian (3306 2009): "Answering Reporters' Questions Before Departing for the United States, Qian Qichen Says China Stands for Peaceful Solution of the Gulf Issue"]

[Text] Beijing, 28 Nov (RENMIN RIBAO)—Chinese Foreign Minister Qian Qichen left Beijing by plane for New York, in the United States, at 1300 [0500 GMT] today. He is to attend a UN Security Council ministerial meeting on the Gulf crisis, scheduled for 29 November, and pay an official visit to the United States from 30 November to 1 December at U.S. Secretary of States James Baker's invitation.

Foreign Minister Qian replied to some questions raised by reporters before boarding the plane.

A reporter asked the foreign minister: "The U.S. press has reported that China had assured it would vote for the UN Security Council resolution which would authorize the use of force against Iraq. Could you please talk about this in detail?"

Foreign Minister Qian said: "I think this report by the U.S. press is groundless. China holds to its consistent stand, favoring a peaceful settlement of the Gulf issue and the efforts to avoid the use of force and embarking on any military operations."

"Does this mean that China will not vote for that resolution?" the reporter kept on asking. "That's what it is, I think," Qian Qichen said.

"So, do you mean China will veto that resolution?" another reporter asked. "I haven't said that," Qian Qichen replied immediately. "Then will China abstain from voting?" "I think, you will have the answer after I cast the vote." The Chinese foreign minister's answer caused laughter.

Another reporter asked: "Does your forthcoming official visit to the United States signal that U.S. sanctions against China are gradually crumbling?"

Qian Qichen said: "I hold that my forthcoming visit to the United States will be a pretty important [bi jiao zhong yao 3024 6525 6850 6008] event in the Sino-U.S. relations. The U.S. spokesman said that U.S. policy toward China has not changed and that making contacts is different from making exchanges. I don't see what difference there is between contacts and exchanges."

Asked whether he would meet U.S. President Bush and what main topics they would discuss, the foreign minister said: "Since my visit is an official one, I think the U.S. side should arrange for me to meet with President Bush. There will be a wide range of topics to be discussed. For instance, Sino-U.S. relations and the international situation, including the Gulf crisis and the Cambodian question. All these will be touched on. Any question that either side raises will be discussed." Qian added that he was willing to meet Americans from all sectors if the U.S. side arranges such activities.

Among those who saw Qian Qichen off at the airport were Liu Huaqiu, vice minister of foreign affairs, and B. Lynn Pascoe, charge d'affaires ad interim at the U.S. embassy in China.

#### UN Security Council Meeting on Gulf Viewed

HK2911111490 Hong Kong HSIN WAN PAO in  
Chinese 29 Nov 90 p 1

["New Talk" column: "Will the United States Have a 'Silent Night' for the Coming Christmas?"]

[Text] The UN Security Council will debate today on the Gulf crisis, which has become the focus of world attention. Because of the time difference, the progress of the

meeting will be known only in the early hours of tomorrow, Hong Kong time.

There are two main points in the motion proposed by the United States. First, set the deadline for Iraq to withdraw from Kuwait; and second, if Iraq refuses to withdraw, the Security Council will authorize its members to take the necessary means.

The Security Council has 15 members, of which 10 are two-year-term ordinary members and five—China, the Soviet Union, Britain, France, and the United States—are permanent members.

To propose the motion, U.S. Secretary of State Baker visited 12 member nations. He did not go to Cuba, China, or Malaysia; but he held talks with the Malaysian foreign minister in Los Angeles and the Chinese foreign minister in Cairo. Now, Qian Qichen has been invited to pay an official visit to the United States.

Although the British prime minister has just changed, Major, the new prime minister, has promised that Britain's policy regarding the Gulf crisis will remain unchanged. Both the Soviet Union and France have proposed extending the deadline from 1 to 15 January. It seems that they will have no objections to the motion.

Before leaving Beijing, Qian Qichen gave one-sentence answers to a reporter's questions on the three possibilities of China's vote. Regarding the suggestion that China would vote in favor of the motion, he replied: "This report is groundless." Will China vote against? "I never said that." Will China abstain from voting? "You will know after my vote is cast."

THE NEW YORK TIMES the other day quoted a U.S. official who said Baker expected China to support the U.S. motion while meeting with Qian Qichen in Cairo. According to news released by REUTER from Beijing, based on Qian Qichen's remarks, diplomatic personages believe that China will abstain from voting.

Of the other 10 council members, Yemen and Cuba will vote against the U.S. motion; Malaysia's position is not yet known; and Columbia did not make any promise to Baker. U.S. authorities expect to get 12 affirmative votes (the motion can be adopted with nine affirmative votes and no negative vote from any of the five permanent members) to show that the motion has won support from the majority of the member nations.

Nevertheless, there are at least two points in the contents of the motion which must be clarified. We can judge from the speeches delivered by the council members. First, if Iraq still has not withdrawn its troops from Kuwait by the deadline, will it be necessary for the Security Council to hold another meeting to authorize its members to take action or may the members take action in light of this resolution? Second, does "all possible

means" include the use of force? Regarding this question, have all member nations reached a common understanding, or are there still controversies, or have they given their tacit consent?

If the U.S. motion is adopted, it is true that Iraqi strongman Saddam Husayn will have to bear a greater pressure, but the United States will also face a tense situation. As everyone knows, this will not be a quick war in which victory can be determined overnight. It is likely that the war will reach a stalemate for a time, which may result in heavy casualties. Although the United States has sophisticated weapons, it is estimated that its casualties will total 20,000 to 30,000. Like adding salt on the scars of the Vietnam war, it will cause great pain. Bush won domestic support when he first sent troops to the Gulf; but popular feeling has recently changed. Many people are not willing to lose the lives of their children for the sake of oil and sacrifices of the Middle East royal families. As the economy of the United States is already on the decline, if more troops are sent to the Gulf and more demonstrations are staged in the streets, the coming Christmas will not be a silent night for the United States.

#### **Sun Bigan on Gulf Stance, U.S. Ties Link**

*PM2811125090 London AL-SHARQ AL-AWSAT in Arabic 25 Nov 90 p 1*

[Hasin al-Bunyan report: "Chinese Ambassador in Riyadh Tells AL-SHARQ AL-AWSAT: Our Position on Use of Force Will Be Similar To Our Commitment Since the Outset"]

[Text] Riyadh, AL-SHARQ AL-AWSAT bureau—The PRC ambassador in Riyadh has denied that his country expects a reward from the United States in return for its not objecting to the UN Security Council's endorsement of a plan to use military force to secure an Iraqi withdrawal from Kuwait.

Ambassador Sun Bigan emphasized in a statement to AL-SHARQ AL-AWSAT that China would not extend the issue of the nature of its relations with the United States to another matter on which it has a fixed, clear, and committed position, namely, the Gulf crisis. He said: We see no justification for linking "the status and future of these relations with a fixed position which we have adopted and to which we are fully committed."

The Chinese ambassador in Riyadh added that his country "will take the right position when the draft resolution on the use of military force against Iraq is presented to the UN Security Council, although such a draft has not yet been put forward by any Security Council member. But our position will become entirely clear when we discuss with the other member states how to vote on the endorsement of such a resolution." He added: "The Chinese decision will be similar to our committed position on the Gulf crisis."

As is known, China has supported the 10 resolutions adopted since Iraq's invasion of Kuwait on 2 August.

#### **Li Sends UN Message on Palestinian Solidarity**

*OW2911085490 Beijing XINHUA in English 0839 GMT 29 Nov 90*

[Text] Beijing, November 29 (XINHUA)—The Chinese Government maintains that Israel must withdraw from the Arab territories it occupies, the legitimate national rights of the Palestinian people must be restored, and that the states of Palestine and Israel should recognize each other.

Chinese Premier Li Peng made the remarks on Wednesday in a message sent to the opening of a meeting which was held at U.N. Headquarters in New York Thursday commemorating an international day of solidarity with the Palestinian people.

Li said "we call on the United Nations and the international community to continue to pay close attention to the Palestinian question and make practical efforts for its early, fair and reasonable resolution."

Israeli authorities have continued with their suppression of the uprisings by the Palestinian people in the occupied territories. On October 8, they orchestrated an incident in Jerusalem in which many Palestinians were killed and injured.

The Chinese premier said he believes that this U.N.-sponsored meeting "will undoubtedly play a highly positive role in supporting the Palestinian people and in mobilizing the international community to help bring about a just settlement of the Palestinian issue."

In recent years, the Palestinian Liberation Organization and relevant Arab countries have fully shown their sincerity for the realization of a peaceful settlement, Li said, adding that "the Israeli authorities stubbornly clinging to their present position seriously obstruct the Middle East peace process".

#### **Further on Li Peng's Asian Tour**

*OW2911105990 Beijing XINHUA in English 1039 GMT 29 Nov 90*

[Text] Beijing, November 29 (XINHUA)—Chinese Premier Li Peng will pay an official goodwill visit to four Asian countries from December 10 to 19, a Chinese Foreign Ministry spokesman announced at the weekly news briefing here this afternoon.

The four countries are Malaysia, the Philippines, Laos and Sri Lanka.

Li will visit them at the invitations of Prime Minister Datuk Sri Mahathir bin Mohamed of Malaysia, President Corazon C. Aquino of the Philippines, chairman of the Council of Ministers Kaysone Phomvihane of Laos and Prime Minister D.B. Wijetunge of Sri Lanka.



### Asian Development Bank Approves \$50 Million Loan

OW2911111690 Beijing XINHUA in English  
0735 GMT 29 Nov 90

[Text] Manila, November 29 (XINHUA)—The Asian Development Bank (ADB) approved this morning a loan of 50 million U.S. dollars for an Agricultural Bank of China (ABC) project, the first loan of its kind since June last year, the Manila-based bank announced here this afternoon.

The loan has a term of 15 years, including a three-year grace period, ADB said, adding that the interest rate will be determined in accordance with the bank's pool-based variable lending rate system.

The main objective of the loan is to support the small and medium-sized rural enterprises in Shandong, Guangdong, Jilin, Jiangsu and Fujian Provinces, ADB said.

In addition, ADB will provide a technical assistance grant of 480,000 U.S. dollars to strengthen ABC's institutional capacity for project lending and investment analysis at provincial and county levels.

This morning, ADB also approved the execution of a technical assistance grant of 2.3 million U.S. dollars for a project of developing water resources in Hainan Province.

### Baker's Trip to Gulf, Europe Viewed

HK2911095190 Beijing LIAOWANG in Chinese No 47,  
19 Nov 90 p 41

["Special dispatch" by LIAOWANG special correspondent He Dalong (0149 1129 7127): "Baker's Trip to the Gulf and Europe"]

[Text] Washington (LIAOWANG)—From 3 to 10 November, U.S. Secretary of State Baker visited Bahrain, Saudi Arabia, Egypt, Turkey, the Soviet Union, Britain, and France, and held talks with leaders of these countries. He also talked with the Amir of Kuwait in Saudi Arabia and the Chinese Foreign Minister in Egypt. To quote what Baker said before he went on the trip, the purpose of this tour was to "lay a foundation" for the United States to take military action against Iraq.

Baker made this tour at a time when the Gulf situation had entered a delicate stage. It was said that the United States was prepared to "cut short the waiting period for the economic sanctions to take effect" and "take military action against Iraq ahead of schedule." But news was also heard from the Gulf that some frontline Arab states wished to reach a "partial settlement" with Iraq, with "Iraq withdrawing its troops and Kuwait conceding its northern territory," that France was holding "secret negotiations" with Iraq, and so on, which greatly disturbed the United States.

Before departing on his trip, Baker said to the reporters in his entourage: "The entire purpose of my trip is to discuss with our allies how to reinforce the various measures we have adopted to isolate Saddam, including

political, economic, and military measures, so as to lay a foundation for the proposals that may possibly be adopted in future."

Baker's talks with the leaders of nine countries within the space of eight days brought forth some results.

First, the leaders of these countries agreed that Iraq's aggression against Kuwait was unacceptable and that more pressure should be put on Iraq to press it to withdraw its troops from Kuwait.

Second, these countries, especially the Arab states, agreed not to accept the proposal of "partial settlement," and acknowledged the necessity to implement, in a comprehensive way, the UN Security Council's resolution requiring Iraq's immediate, unconditional withdrawal of troops.

Third, the Soviet leaders agreed "not to rule out the possibility of the use of force" under certain conditions. Previously, the Soviet leaders had denounced a military solution to the Gulf crisis as "unacceptable." After Baker had talked with Soviet President Gorbachev and Soviet Foreign Secretary Shevardnadze for 13 hours, Shevardnadze said: "As for the question of the use of force, we will not, and probably cannot, rule out the possibility," and "the situation may require such a solution."

Fourth, an agreement was reached with the king of Saudi Arabia on the limits to the actions of the U.S. forces stationed there. Previously, Saudi Arabia had always maintained its position that U.S. troops entering Saudi Arabia were for the purpose of protecting that country and resisting an Iraqi invasion, and that the U.S. troops could not launch unprovoked military attacks from Saudi territory. Through his efforts, Baker eventually managed to reach an unequivocal agreement: If Iraq invades Saudi Arabia, Saudi and U.S. forces will take joint action to resist the invasion; if U.S. forces want to attack Iraq, permission should be obtained from both the Saudi King and the U.S. President beforehand, but military action will be under the command of the U.S. forces themselves. Some U.S. officials called this a tremendous achievement of Baker's visit, which not only cleared away a big obstacle holding back the United States in taking military action against Iraq, but also imposed more pressure on Iraq, showing the latter that the United States was genuinely preparing for action against it, rather than "just talking about it."

No complete agreement was reached between the leaders of these countries and Baker, however, on whether to move up the date of military action against Iraq. Most of them maintained that more time should be given to economic sanctions and diplomatic mediation. After meeting Egyptian President Mubarak, Baker cancelled his plan to hold a joint press conference, because the two sides were divided on whether to start military action against Iraq earlier than previously scheduled. President Mubarak held it necessary to "wait for another two or three months" to see if the economic sanctions would force Iraq to withdraw from Kuwait, instead of hastily

taking military action against Iraq. In Turkey, Turkish President Ozal advised the United States to be more patient. In the Soviet Union, though its leaders eventually agreed not to rule out the possibility of the use of force, both Gorbachev and Shevardnadze made it clear to Baker that the Soviet Union maintained its position that efforts should be made to resolve the Gulf crisis through diplomatic, political, and economic means. French Foreign Minister Dumas made it even clearer that "nobody approves of military action now," and that France still hoped the Gulf crisis could "be peacefully settled through diplomatic means." After these talks, Baker himself also admitted that the allies "are divided on the question of how long it will be before the economic sanctions take effect."

The leaders of these countries also maintained: Even when military action against Iraq becomes necessary, it is imperative to obtain authorization from the UN Security Council. President Mubarak held that should diplomatic efforts fail be ineffective, nothing should be done until a resolution is passed by the Security Council to approve the use of force. President Ozal of Turkey told Baker that if the United States wished to keep the current international united front against Iraq undivided, then it should not do anything on its own, but wait for UN approval before going into action. Soviet President Gorbachev made it even clearer: What to do next should be decided by the United Nations, and all decisions on military moves against Iraq "will be made by the United Nations." French Foreign Minister Dumas said: France "will continue to act within the limits of the United Nations and appeals to the UN Security Council to postpone the decision on the use of force against Iraq so as to give Iraq more time to consider whether to implement the Security Council resolutions. Faced with all these reservations and objections, Baker eventually had to admit that none of the countries had "made any decision" on this problem and that the United States would continue to "discuss under what circumstances, in what way, and at what time such a settlement can be adopted to more effect."

When reporting on Baker's winding up his trip to the Gulf and Europe, Cable Network News of the United States said that his tour "failed to win allies' authorization for the United States to take military action against Iraq." Therefore, if the Bush administration genuinely makes up its mind to fight a battle in the Gulf, it will still have to face many difficulties.

But observers here point out that with Baker returning from his trip, the United States will, while stepping up its military deployment in the Gulf, focus its diplomatic attention on the United Nations, because November is the very month when it is the turn of the United States to chair the UN Security Council, and the United States will try to make use of this opportunity to have the Security Council pass a resolution approving military action against Iraq, in an attempt to "lay a foundation" for the United States to do so in the future.

## United States & Canada

### U.S. Spokesman Previews Qian's Visit

OW2811134690 Beijing in English to Western North America 0500 GMT 28 Nov 90

[Text] Chinese Foreign Minister Qian Qichen goes to the United States this week for the UN Security Council meeting on the Gulf crisis and official talks with U.S. officials. It is expected that the talks will seek ways to improve Sino-U.S. relations. Our correspondent in Washington (Chen Denong) reports:

State Department spokesman Richard Boucher told reporters on Tuesday that Chinese Foreign Minister Qian Qichen will hold official meetings in Washington on Friday with Secretary of State James Baker after attending the UN Security Council meeting in New York. Boucher said the United States has vital issues with China right now in the Persian Gulf and with the progress on Cambodia. He said while Foreign Minister Qian Qichen is in Washington, the U.S. Government intends to explore ways to strengthen cooperation on global and regional issues and seek understanding on ways to achieve improvement in bilateral relations that will permit a gradual return to normal high-level exchanges. This will be the sixth meeting between Secretary Baker and Foreign Minister Qian Qichen since July 1989.

Boucher also said Chinese Vice Minister of Foreign Economic Relations and Trade Gu Yongjiang has been invited by his U.S. counterpart Michael Farren to Washington to hold discussions on bilateral trade matters. He said the visit is consistent with the U.S. policy of continuing commercial relations with China and maintaining official contact. U.S.-China bilateral trade is expected to reach \$20 billion this year.

### Qian, Baker Exchange Views on Gulf Crisis

OW2911130290 Beijing XINHUA Domestic Service in Chinese 0828 GMT 29 Nov 90

[Text] New York, 28 Nov (XINHUA)—Chinese Foreign Minister Qian Qichen met U.S. Secretary of State James Baker shortly after he arrived here tonight.

During the meeting, Baker welcomed the Chinese foreign minister to attend tomorrow's Security Council meeting and to pay an official visit to the United States.

Both sides exchanged views on the upcoming Security Council meeting on the Gulf crisis and the improvement of bilateral relations between China and the United States.

The meeting began at 11:45 P.M. at the Waldorf Astoria Hotel in the midtown of Manhattan.

After attending the ministerial meeting of the Security Council tomorrow afternoon, Qian is scheduled to leave here for Washington on Friday morning and begin a

two-day official visit to the United States at the invitation of the U.S. secretary of state, James Baker.

Foreign Minister Qian Qichen was greeted at the Kennedy Airport by Ambassador Li Daoyu, permanent representative of China to the United Nations; Ambassador Yu Mengjia, deputy permanent representative of China to the United Nations; Cao Pizhong, acting consul general of the Chinese Consulate in New York; and other Chinese officials.

#### **Sino-U.S. Business Information Center Formed**

OW2711153190 Beijing XINHUA in English  
1452 GMT 27 Nov 90

[Text] Shenyang, November 27 (XINHUA)—A signing ceremony to set up a Sino-U.S. business information center was held today in Shenyang, capital of northeast China's Liaoning Province.

The center, the first of its kind in China, will collect and supply up-to-date business information on both China and the United States.

It is also proposed to hold symposiums on Sino-U.S. trade and investment, and exhibitions of both countries' products and samples.

An official said that the center is to go into operation December 17.

### **Northeast Asia**

#### **Commentary Stresses PRC-DPRK Friendship**

SK2911052790 Beijing International Service  
in Korean 1100 GMT 28 Nov 90

[Station commentary: "Constantly Developing Traditional Chinese-Korean Friendship"]

[Text] Yon Hyong-muk, premier of the DPRK State Administration Council, returned home today, after winding up his visit to China. In the past six days Premier Yon Hyong-muk visited Beijing, Tianjin, Guangzhou, and Shenzhen. During this period he received an enthusiastic welcome from the Chinese Government and people wherever he went and, thus, directly felt traditional Chinese-Korean friendship.

While staying in China, Premier Yon Hyong-muk met with Chinese leaders Jiang Zemin, Yang Shangkun, and Li Peng. In their meetings they exchanged in great depth their views on the international situation and relations between the two countries. In connection with the situation on the Korean peninsula Premier Yon Hyong-muk said that Korea will achieve its reunification in a peaceful way. He also said that Korea will achieve the normalization of relations with Japan.

Premier Li Peng said that China has always attached great importance to the situation on the Korean peninsula and stressed: China recognizes that the stability of

the situation on the Korean peninsula is conducive not only to Korea's economic construction, but also to China's economic construction.

Saying that we rejoice over the recent alleviation to some extent of the situation on the Korean peninsula, Premier Li Peng stated that China supports various types of dialogue now being held between the two sides of the North and South of Korea, and that it wants the North-South dialogue to continue and, thus, to attain success.

Premier Li Peng rejoiced over the fact that the relations between Korea and Japan are being improved. He said that the normalization of relations between Korea and Japan not only accords with the interests of the people of the two countries of Korea and Japan, but is also conducive to peace and stability in Asia and Northeast Asia in particular.

The premiers of the two countries expressed great satisfaction over the fact that the traditional Chinese-Korean friendship is constantly developing in many fields. They were firmly convinced that no matter what change the international situation may bring about in the future Chinese-Korean friendship will continue to be strengthened and developed generation after generation.

The two sides conducted negotiations in detail on the matter of further strengthening cooperation in many fields, including the economic field. The governments of the two countries signed an agreement on economic aid from the Chinese Government to the DPRK Government.

Premier Yon Hyong-muk's visit to China was a success. When he bade farewell to Premier Yon Hyong-muk, Premier Li Peng said that Premier Yon Hyong-muk's visit to China greatly enhanced the existing Chinese-Korean friendship.

Premier Yon Hyong-muk said to Premier Li Peng that although his visit to China this time was a short one he was deeply impressed from it and that he directly felt the Chinese people's feelings of friendship toward the Korean people wherever he went. He said that the Chinese-Korean friendship will be handed down from generation to generation without fail.

#### **Wang Hanbin Meets DPRK Friendship Delegation**

OW2611135790 Beijing XINHUA in English  
1126 GMT 26 Nov 90

[Text] Beijing, November 26 (XINHUA)—Vice-Chairman Wang Hanbin of the National People's Congress (NPC) Standing Committee met here today with a delegation led by Yu Chi-nam, vice-minister of commerce and vice-president of the Korea-China Friendship Association from the Democratic People's Republic of Korea, here today.

The visitors have concluded a two-week long visit at the invitation of the Chinese People's Association for Friendship with foreign countries and the China-Korea Friendship Association.



### Japanese To Study Investment in Shandong Province

GW2911062390 Beijing in Japanese to Japan  
1430 GMT 28 Nov 90

[Text] As a result of Chinese Commerce Minister Hu Ping's one-week visit to Japan in early November, a Japanese delegation of representatives from the government and the private sector will visit Shandong Province soon, mainly Qingdao and Yantai, on an inspection tour to study investment possibilities.

In the past few years, the Japanese already have sent government officials and private-sector personnel to make a feasibility study on establishing a food-processing base in Shandong Province. Meanwhile, a growing interest has been noticed in Japan in providing aid to China for building facilities for storing and transporting foodstuffs in northeastern China. It also is reported that a Japanese delegation will visit northeastern China soon to work out practical plans for this aid program.

### Japanese Investment Interest in China Noted

OW2711041290 Beijing in Japanese to Japan  
0930 GMT 25 Nov 90

[Text] Thanks to a worldwide tendency toward resuming economic aid to China because it is clear that China will not change its open and reform policies, smaller businesses in Japan have once again gained growing interest in investment in China.

To support small business investment in China, famous pro-Chinese leaders in Japanese political and business circles have established the Japan-China Investment Development Consulting Corporation. The company will sign an agreement with the China Economic Development Consulting Incorporated, set up resident representative's offices in Tokyo and Beijing, and advise small Japanese businesses on investing in Chinese factories or on expanding their trade or financial business.

Shigenobu Takahisa, chairman of Japan-China Investment Development Consulting Corporation, is currently attending business talks on investment projects between China and foreign nations being held in Beijing. He says that small Japanese businesses have once again become more interested in investing in China since the beginning of this year.

### Japanese Loans Used To Update Telephone Network

OW2411174990 Beijing XINHUA in English  
1511 GMT 24 Nov 90

[Text] Tianjin, November 24 (XINHUA)—Tianjin has used Japanese loans to successfully update and enlarge its telephone network.

The project, which today passed a state appraisal, is one of the key communication projects of the Ministry of Posts and Telecommunications. The total investment in the project was over 378.62 million yuan, which

included over 246.71 million yuan from the Japanese Overseas Economic Co-Operation Fund.

Officials in charge of the project report that key equipment, such as computer-controlled switchboards, was imported from the NEC Corporation.

The project, which broke ground in 1985, became operational this month.

The number of telephones in the city have increased from 39,550 to 226,800, of which 158,900 are computer-controlled, said the officials.

### Sino-Japanese Symposium on Joint Exchanges Ends

OW2411140190 Hangzhou ZHEJIANG RIBAO in Chinese 10 Nov 90 p 1

[Text] A four-day symposium on Sino-Japanese economic exchanges between Zhejiang Province and Shizuoka concluded successfully in a warm and friendly atmosphere yesterday morning.

This symposium was a grand meeting where business and industrial people of these two areas achieved great results in exchanging information, strengthening mutual understanding, expanding exchanges, and enhancing cooperation. In line with the spirit of looking forward and engaging in long-term, mutually beneficial cooperation for common prosperity, the two sides reviewed the past, looked forward to development in the future, briefed each other on the development of economy and trade in their respective areas, and discussed and outlined tentative plans to develop cooperation and exchanges in the fields of economy, trade, and technology in the future. Both sides contend: In the eight years since they established friendly relations, mutual understanding and friendship between the people in Zhejiang and Shizuoka has deepened with each passing day, and cooperation and exchanges in fields of economy, trade, and technology have been expanding day by day. In trade, they have helped supply each other's needs, and the total volume and variety of imports and exports have increased rapidly. In economy and technology, they have carried out a number of projects including commission processing, compensation trade, joint-ventures, and cooperative businesses. Their cooperation in enterprise diagnosis and exchanging post-graduates, in particular, has shown remarkable results. Contact over the period has enhanced their understanding of each other, and they have become trusted friends and good partners. The two sides believe: Zhejiang and Shizuoka each has their own unique economic strong points, and they can complement each other in many areas. Their cooperation in economy, trade, and technology, especially that between medium and small enterprises, has great potential and vast prospects. They indicated that they would make efforts to explore effective ways for long-term cooperation and make utmost efforts within their capacity to develop, through different channels and in various

forms, cooperation and exchanges in economy and technology. They believe: Developing trade and economic relations between Zhejiang and Shizuoka not only meets the needs of the people in the two countries and two areas for friendship and cooperation, but is also a common aspiration of the peoples of the two countries.

During the meeting, the two sides carried out earnest discussions and made encouraging progress concerning cooperation and exchanges. According to preliminary statistics, they have reached agreement on 25 cooperative projects mainly in the areas of machinery, secondary light industry, construction, electronics, and agriculture. Meanwhile, through these wide-ranging discussions, they have further strengthened their friendship and mutual understanding, thus laying a groundwork for cooperation and exchanges in the future.

At the closing ceremony, Jin Lianqing [6855 6647 1987], deputy secretary general of the provincial government and director of the provincial Office for Coordinating Foreign Economic Relations, and Koichi Inoue, chairman of the Japan-China Friendship Association of Shizuoka, signed a memorandum for economic cooperation and exchanges on behalf of the province and prefecture, respectively.

#### **Scholars Discuss Japan's Development Trend**

HK2411035590 Hong Kong LIAOWANG OVERSEAS  
EDITION in Chinese No 46, 12 Nov 90, p 29

[Article by Zhang Mengyi (1728 1322 0308): "Chinese and Foreign Scholars Discuss Japan's Development Trend"]

[Text] As the world is experiencing a period of major change and the alignment of various forces is shifting, Japan, as a major economic power, is also adjusting its domestic and foreign policy in order to meet the coming of the new century. Under these circumstances, in which direction will Japan go in the 21st century? What position will it hold and what role will it play in the new international pattern? Many people are interested in these questions.

Recently, China's Society for Japanese Studies and the Institute of Japan under the Chinese Academy of Social Sciences held a joint international academic symposium in Beijing under the title "Japan Marching Toward the 21st Century," thus providing a forum for scholars from various countries to study and discuss the relevant subjects. Experts and scholars from Japan, the United States, Canada, Australia, Thailand, and Singapore took part in the symposium. They analyzed and anticipated Japan's future position in economic, political, cultural, and other fields.

#### **Japan Is Situated at a Crossroads in History**

As the old international pattern is being replaced with a new one, the bipolar pattern between the East and West is gradually developing into a multipolar pattern in the world. The United States will remain the largest pole, but

Europe, Japan, the Soviet Union, and China will all become other important poles. Japan has indicated that it will strive to become a pole in the multipolar world pattern. Its development has become a major factor that cannot be neglected in influencing the changes in the world pattern. Based on the above analysis, some scholars believe that today's Japan is not only a participant in the competition and rivalry, but also an object of competition and contention. When facing the world's multipolar tendency, like many other countries, Japan has also entered a new period of policy readjustment, and has to make some important choices. In recent years, Japan has repeatedly indicated its readiness to play a role in the establishment of the "international order" and to "make contributions to the world." What people are concerned about is what role Japan intends to play and what contributions it intends to make. Some experts pointed out: Through recovery and development in the 45 years since the end of the war, Japan has developed into the second largest economic power after the United States. Two tendencies have always existed in Japan. One is to critically examine the country's pre-war history, draw a lesson from it, proceed along the course of peaceful development, and thus make positive contributions to peace and development in the world—especially in the Asia-Pacific region. The other tendency is to disregard the country's negative experience in history, continue to keep the narrow-minded sense of "national superiority," try by every possible means to break through the political and military "taboos," and try to turn Japan eventually into a military power in reality rather than in word. The second tendency found expression in Japan's recent reactions to the Gulf crisis. The experts stressed: The first tendency represents the mainstream in contemporary Japanese society, and is in keeping with the common wishes of the Japanese and other peoples; however, the second tendency, although just an undercurrent among a small number of people in Japan, is closely related to the revival of big-power chauvinism, and is not what the Japanese and other peoples in the world want to see.

Through summing up Japan's positive and negative experience in history, the scholars pointed out: After the Meiji Reformation, Japanese capitalism adopted the policy of "increasing national wealth and military strength" and "dissociating itself from Asia and linking with the European powers," but its militarist and aggressive policy eventually led to its self-destruction. In the postwar period, Japan pursued a policy of "increasing national wealth and restraining the growth of military force" and proceeded along the course of peaceful development, and this resulted in marvelous economic growth which has rarely been seen in history. Facts show that the only correct choice for Japan is to proceed along the course of peaceful development.

### **Japan Needs To Actively Carry Out Economic Exchanges on an Equal Footing With Other Countries**

The enhancement of Japan's economic strength in the postwar period, and its consequent domestic and international effects, have aroused world attention, especially by the Asian nations. Japan's GNP in 1989 was equivalent to 60 percent of that of the United States and accounted for 12 percent of the world's total; and its per capita GNP reached the world's highest level. Some scholars believe that the basic conditions for Japan's economic development in the 1990's are rather favorable and that as long as there is not a serious, worldwide economic or political incident, Japan's economic growth rate will continue to be higher than that of other developed countries and Japan's strength will continue to increase. The experts also pointed out at the same time, however, that Japan's economic growth has had a dual influence on the world economy. In the positive aspect, the expansion of Japanese exports in the second half of the 1980's promoted the growth of the world economy, particularly the structural upgrading of industry and trade in the "export-oriented" countries and regions in the Western Pacific; and it helped mitigate their difficulties in broadening export markets. On the other hand, as Japan's foreign economic activities were inclined toward developed countries, this widened the gap between the North and the South and aggravated the serious imbalance in economic development between these two parts of the world. Japan's slow process of opening its domestic market caused strong resentment among many countries, especially Europe and America, and this also gave rise to increasing tension in "North-North relations." Some experts pointed out: An indispensable factor responsible for Japan's current prosperity and development is the manpower, resources, energy, and market contributed by the developing countries. The developing countries have suffered tremendous losses in the old international economic order, which is unfair and unequal to them. So Japan should make more contributions to the establishment of a new international economic order and especially to the settlement of the North-South conflict and the narrowing of the North-South economic gap through economic cooperation in the Asia-Pacific region. Cooperation should be equal and mutually beneficial, and there must be no sense of "superiority" and "favor-bestowing."

### **Japan Should March Into the 21st Century With Asia**

How should Japan perform its international duties in the 21st century? This was one of the major questions debated by the symposium participants. Some scholars said: At present, Japanese investment has infiltrated into economic development in many countries, and the Japanese investors have purchased large quantities of land, buildings, business companies, and shares in foreign countries. This is a marked characteristic that can hardly be neglected. It is a truism that cars and household electrical appliances made in Japan have a major impact in many countries. As some scholars pointed out, however, although Japan's influence in other countries is

expanding, "few countries are not wary of Japan which tends to possess a strong military power and is trying to extend its military influence, when they are getting along with Japan in a peaceful way."

Japan's future will be tied to Asia. Japan has become one of the major economic superpowers, and the United States will no longer show it sympathy. While the European countries rely more and more heavily on Europe and the protectionist trend continues to rise in the United States, it is beyond any doubt that Japan's future in the 1990's will be tied to Asia. This opinion expressed by a Singapore scholar attracted attention from other symposium participants. He warned: As "the strength of the chain will be contingent on the weakest link," if Japan disregards this, the de facto chain between the ASEAN countries and Japan will get weaker and weaker.

With regard to Sino-Japanese relations in the 1990's, most scholars laid stress on their worries while making rather optimistic predictions. Reportedly, the volume of trade between China and Japan in 1989 amounted to \$18.9 billion, which remained basically at the same level of the previous year; Japan's investment projects in China numbered 294 with a total capital involvement of some \$440 million according to the contracts concerned. The experts said that great potential has yet to be tapped in Sino-Japanese economic cooperation. Although the Japanese Government has restored the third package of Yen loans to China, relations between the two countries are still far from being restored to an ideal condition. Some scholars pointed out: The "new international order" advocated by some people in Japan is in essence aimed at building the future international structure on the basis of the Western political and economic systems and ideology, so the impact of this idea on Japan's policy toward China and on Sino-Japanese relations is noteworthy. Most scholars held that in the 1990's, China and Japan should strengthen their friendly and cooperative relations through promoting the forming of a benign cycle of peace and stability in the Asia-Pacific region, and should further develop their bilateral trade cooperation. A Japanese scholar said: "In order to establish mutual trust with China, Japan must be soberly aware of its past, overcome the parochial mentality, and establish the idea of seeking coordinated coexistence with other countries."

The two-day symposium undoubtedly achieved the purpose of "absorbing nutrition, broadening vision, and enriching knowledge" as the organizers proposed. The participants provided many approaches from different angles and at different tiers to the question of "where will Japan go in the 21st century." It seems that this remains a subject for in-depth study by scholars in various countries.

### **Nakayama Criticizes Nanjing Massacre Claims**

*OW2111123390 Beijing XINHUA in English  
0834 GMT 21 Nov 90*

[Text] Tokyo, November 21 (XINHUA)—Japanese Foreign Minister Taro Nakayama yesterday criticized claims by Diet (parliament) member Shintaro Ishihara



that the Nanjing Massacre of 1937 was a story made up by the Chinese, according to the YOMIURI SHIMBUN.

Speaking at a meeting of the upper house budget committee, Nakayama said the war against China has brought great sufferings and many troubles to the Chinese people.

Japan should avoid evoking the bad memories to the Chinese, he said, adding Ishihara should be prudent in his speeches.

Nakayama's remark came when answering a question raised by a member of the Japan Socialist Party.

Ishihara, former Japanese transportation minister, said last month that the Nanjing massacre was simply a story made up by the Chinese.

#### **Li Peng Meets With Japanese Entrepreneurs**

OW2811153890 Beijing XINHUA in English  
1452 GMT 28 Nov 90

[Text] Beijing, November 28 (XINHUA)—Chinese Premier Li Peng today described China as "full of hope," since the top leadership—with the Communist Party General Secretary Jiang Zemin as the nucleus—is strong, and since the people treasure stability and various undertakings in the country are developing steadily.

Li made these statements tonight during a meeting with a group of Japanese politicians and entrepreneurs headed by Seizo Ota, chairman and general manager of the Toho Mutual Life Insurance Company, according to a Chinese official.

The visitors, who arrived this afternoon, are here at the invitation of the Association for International Understanding of China.

Li expressed his belief that their visit will help deepen mutual understanding and friendship between the Chinese and Japanese peoples.

He called for further Sino-Japanese co-operation in technological transformation, energy development, trade and other fields, on the basis of equality and mutual benefit.

Seizo Ota said that the Japanese people want to see the friendship between the two countries grow from generation to generation.

Yasuo Fukuda, deputy leader of the visiting group and son of former Japanese Prime Minister Takeo Fukuda, conveyed Takeo Fukuda's greetings to the Chinese leaders and said that it is his desire to continue working for the Japan-China friendship, just as his father has been doing.

The Chinese premier later hosted a dinner in honor of the visitors, which was also attended by his wife Zhu Lin.

#### **Wu Xueqian Meets Japanese Legislator**

OW2711134190 Beijing XINHUA in English  
1130 GMT 27 Nov 90

[Text] Beijing, November 27 (XINHUA)—Chinese Vice Premier Wu Xueqian met with Keizo Obuchi, member of the House of Representatives of the Japanese Diet and former chief of the Cabinet Secretariat of the Japanese Government, here this afternoon.

Keizo Obuchi is now heading a Japanese delegation to attend a table tennis competition between sister cities of the two countries, scheduled to open later today.

#### **Vice President Wang Zhen Meets Japanese Guests**

HK2711052890 Beijing RENMIN RIBAO in Chinese  
10 Nov 90 p 4

[XINHUA Report: "Wang Zhen, Li Tieying Meet Japanese Visitors"]

[Text] Beijing, 11 Nov (XINHUA)—On 6 November, in Beijing, Vice President Wang Zhen, who is also the honorary president of the China Association for International Friendly Contacts, met Yasuo Kiriya, the chief caretaker of the Agama sect [a Buddhist classic sect] from Japan, as well as his wife and his granddaughter.

Wang Zhen praised Yasuo Kiriya for his contributions to the promotion of friendship between the Chinese people and Japanese people, as well as his efforts in developing cultural exchanges between China and Japan.

On the morning of 9 November, Li Tieying, State Councillor and minister of the State Education Commission, also met Yasuo Kiriya and his entourage.

#### **Li Ruihuan Meets Japanese Industrialists**

OW2211080490 Beijing XINHUA in English  
0727 GMT 22 Nov 90

[Text] Beijing, Nov 22 (XINHUA)—Li Ruihuan, Standing Committee member of the Political Bureau of the Chinese Communist Party Central Committee, met here today with a Japanese visiting group led by President of the Daihatsu Motor Co., Ltd Jiro Osuga and Chairman of the Toyota Tsusho Corporation Seizo Ezaki.

In a cordial conversation, Li expressed appreciation of the Japanese industrialists' cooperation with relevant Chinese departments.

The visitors are here as guests of the China National Automotive Industry Corporation.

#### **Educational Cooperation Agreement Signed**

OW2611123790 Beijing XINHUA in English  
0740 GMT 26 Nov 90

[Text] Beijing, November 26 (XINHUA)—China and Mongolia signed an educational cooperation program for 1991 to 1995 here today.

Chinese State Councillor and Minister in Charge of the State Education Commission Li Tieying attended the signing ceremony, while Vice-Minister He Dongchang and visiting Mongolian Education Minister N. Urtunasan signed the document in the Great Hall of the People.

Prior to the signing ceremony, Li had a 30-minute discussion with Urtunasan on educational exchange and cooperation between the two neighboring countries.

The Mongolian visitors have toured a number of universities in Beijing and Shanghai since their arrival in China a week ago. They are scheduled to leave for home later today.

### **Mongolian Delegation Visits Inner Mongolia**

SK2111220490 Hohhot NEIMENGGU RIBAO in Chinese 9 Oct 90 p 1

[Text] At the invitation of the group for coordinating the Mongol Language work of eight provinces and regions in China, an academic visiting delegation, composed of four members from the language and literary center under the institute of sciences of the Mongolian People's Republic, paid a visit to our region from 17 to 28 September. On 27 September, Batubagen, chairman of the Standing Committee of the regional People's Congress and head of the group, met with all members of the delegation.

Batubagen introduced to the guests our country's achievements in reform and opening up the country to the outside world and the Mongol language work done by eight provinces and regions. Simultaneously, Batubagen expressed appreciation for the Mongolian People's Republic's exchange with our country as well as our region in regard to cooperatively carrying out Mongol language work. The Mongolian guests expressed their heartfelt thanks for our friendly reception, and also wished to further enhance the exchange and cooperation in the spheres of Mongol language and academy so as to enhance the friendship between the peoples of the two countries. Nai Deng, assistant to chairman of the regional government; and responsible persons of the regional language committee, were present at the meeting.

## **Southeast Asia & Pacific**

### **Lao National Day Marked in Beijing**

OW2811190690 Beijing XINHUA in English 1511 GMT 28 Nov 90

[Text] Beijing, November 28 (XINHUA)—The 15th anniversary of the founding of the Lao People's Democratic Republic was marked today at a reception hosted by the Chinese People's Association for Friendship With Foreign Countries (CPAFFC).

Hong Xuezhi, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference, Han Xu, CPAFFC president, Qi Huaiyuan, Chinese vice-foreign minister, and Phongsavat Boupha, Lao ambassador to China, were present at the reception.

Han Xu spoke highly of the achievements made by the Lao people, under the leadership of the Lao People's Revolutionary Party, in their revolutionary cause and in construction.

The Chinese people treasured their friendship with the Lao people, Han stressed, adding that he believed there are bright prospects for the Sino-Lao friendship based on the Five Principles of Peaceful Co-existence.

Phongsavat said he believed that the friendship between the two countries will surely develop under the care of the current leaders.

### **Editorial Views Relations With Marshall Islands**

HK2811035190 Beijing RENMIN RIBAO in Chinese 17 Nov 90 p 1

[Editorial: "Greeting the Establishment of Diplomatic Relations Between China and the Marshall Islands"]

[Text] Out of a desire to strengthen friendly cooperation and promote joint development, the Governments of the PRC and the Republic of the Marshall Islands [RMI] have decided to formally establish diplomatic relations at the ambassadorial level starting 16 November 1990. This is a major event in the relations between China and the Marshall Islands, and to this, we extend our warmest congratulations.

The RMI, situated in the center of the Pacific Ocean, is a former U.S. trustee. It became an independent state, enjoying sovereign rights over internal and external affairs, on 3 November 1986. In recent years, the RMI has actively developed its domestic economy and has sought friendly cooperation with foreign countries. Remarkable results have been achieved in these tasks. Friendly exchanges between China and the Marshall Islands have increased gradually. RMI President Amata Kabua has visited our country and exchanges between officials of the two countries have continued to grow. The RMI explicitly recognizes the PRC Government as China's sole legitimate government and advocates the establishment and development of friendly cooperation and relations with China on the basis of the Five Principles of Peaceful Coexistence. China's Government and people appreciate this principled stand of the RMI.

The Chinese Government has consistently maintained that all nations, big or small, should be equal in international relations, and that all countries should respect each other and coexist on equal terms. The establishment of diplomatic relations between China and the Marshall Islands proves that as long as there is aspiration for joint development, the varying conditions and differences existing in all countries should not become obstacles for developing mutual relations. China would like to continue developing friendly relations with all countries of the world on the basis of the principles of mutual respect of sovereignty and territorial integrity,

mutual nonaggression, mutual nonintervention in domestic affairs, equality and mutual benefits, and peaceful coexistence.

Both China and the Marshall Islands are located in the Asia-Pacific region. On the occasion of the establishment of diplomatic relations between the two countries, we sincerely wish the RMI prosperity and development, and also hope that the friendly cooperation and relations established by China and the Marshall Islands on the basis of the Five Principles of Peaceful Coexistence will expand to other areas, and will make a positive contribution to peace, prosperity, and stability in the Asia-Pacific region.

#### **Sino-Thai Economic Cooperation Accord Signed**

*OW2911091190 Beijing XINHUA in English  
0727 GMT 29 Nov 90*

[Text] Beijing, November 29 (XINHUA)—China and Thailand signed here today the agreed minutes of the sixth meeting of the Sino-Thai Economic Cooperation Committee.

Chinese Vice-Minister of Foreign Economic Relations and Trade Shen Jueren and Thai Deputy Foreign Minister Amnuai Yotsuk put their signatures on the document on behalf of their respective governments.

The two countries today also signed a protocol of import and export commodities for 1991.

According to an official from the Chinese Ministry of Foreign Economic Relations and Trade, China will mainly import rice, raw sugar, rubber and cassava and cassava products from Thailand in 1991. Its principal exports to Thailand will include crude oil and refined oil, coal, cotton, machinery and electrical products, and medicine.

The official said trade between China and Thailand has registered a rapid growth in the last decade or more. Chinese customs statistics show the volume of bilateral trade in 1978 was only 144 million U.S. dollars. It grew to 1.2 billion U.S. dollars in 1989 and is expected to keep such level this year. The targeted volume in 1991 will see a fairly big increase over 1990.

He said China's exports of machinery and electrical products to Thailand have recorded big increase. In 1978, the volume of such exports was 8.7 million U.S. dollars. It came to 60 million U.S. dollars in 1989 and reached 65 million U.S. dollars in the first nine months this year.

He said Thai investments in China have increased. China's investments and labor service cooperation with Thailand have been growing steadily and smoothly. Its investment projects in Thailand mainly cover chemical industry, medicine, dock construction and mine prospecting.

He said the sixth meeting of the Economic Cooperation Committee held in Beijing focused on discussing ways

and means to expand investment, joint ventures and labor service cooperation between the two countries.

#### **Near East & South Asia**

##### **Indian Information Official Meets Delegation**

*OW2811113990 Beijing XINHUA in English  
1106 GMT 28 Nov 90*

[Text] New Delhi, November 28 (XINHUA)—Indian Minister of State for Home Affairs and Information and Broadcasting Subodh Kant Sahay met here today with a visiting XINHUA NEWS AGENCY delegation led by Guo Charen, deputy director-general of the news agency.

In his first meeting with a foreign delegation since he assumed office last week, Sahay said that India and China have always understood each other, adding that the cooperation between the two countries should be further expanded.

For his part, Guo stressed the need to promote understanding between the two peoples through strengthened media ties.

Chinese Ambassador Tu Guowei was at the meeting.

Invited by the PRESS TRUST OF INDIA, the six-member delegation is on an eight-day visit, which will bring the XINHUA journalists to Calcutta, Madras, Bombay after their stay in New Delhi. The delegation will leave here on December 1.

##### **Wang Renzhong-led Delegation Arrives in Pakistan**

*OW2911112790 Beijing XINHUA in English  
0827 GMT 29 Nov 90*

[Text] Islamabad, November 29 (XINHUA)—A delegation of the Chinese People's Political Consultative Conference (CPPCC), led by Vice Chairman Wang Renzhong, arrived in Karachi at noon today for a nine-day goodwill visit to Pakistan.

The delegation was received at the Karachi airport by Pakistan Deputy Chairman of Senate Fazal Agha, speaker of Sindh provincial assembly Razique Khan, and other local high officials. Chinese ambassador to Pakistan Tian Ding was also on the occasion.

The visit is a return visit for Pakistan Chairman of Senate Wasim Sajjad who visited China in July last year and it is also the first high-level Chinese delegation to Pakistan since new Pakistan Government headed by Nawaz Sharif came into power on November 6 this year.

The 10-member Chinese delegation will fly to Islamabad tomorrow morning for its first leg of the visit which will also take them to Lahore, capital of Punjab Province, and Karachi will be their last leg of the tour in the country.

During their stay in Islamabad, Wang Renzhong and his party members will call on President Ghulam Ishaq



Khan, newly elected Prime Minister Nawaz Sharif, chairman of Senate Wasim Sajjad and new speaker of the National Assembly Gohar Ayub Khan.

### West Europe

#### Wu Xueqian Seeks Full Restoration of EC Ties

OW2911110690 Beijing XINHUA in English  
1036 GMT 29 Nov 90

[Text] Beijing, November 29 (XINHUA)—Chinese Vice-Premier Wu Xueqian said that he wants to see a full restoration and development of relations between China and the European Community.

Wu made the remarks at an hour-long meeting with Lederhandler, president of the Belgium-China Economic and Trade Confederation, and Van Dyck, director general of the confederation, here this afternoon.

Lederhandler praised China for its successes in implementing the reform and open policies in the past decade and more. He was highly confident that cooperation between his confederation and China will continue to develop, he said.

The visitors arrived here ten days ago as guests of the China Council for the Promotion of International Trade.

#### Editorial Assesses British Prime Minister Major

HK2911052590 Hong Kong WEN WEI PO in Chinese  
29 Nov 90 p 2

[Editorial: "Opportunity and Challenge for John Major"]

[Text] British Prime Minister Mrs. Margaret Thatcher formally resigned yesterday. She handed her office over to John Major, who quickly organized his cabinet in order to unify the Conservative Party for the upcoming election.

For centuries, conservative prime ministers have come from either Cambridge or Oxford University, higher learning institutes which offer the best education; they have all had long-term experience in politics; and spent 10 to 20 years gradually moving up to the cherished position of prime minister. But Major's experience in becoming leader of the Conservative Party is indeed a miracle. He has never studied at college, his father was an acrobat, and he left grammar school before the age of 16. In recent years, he has been upwardly mobile, moving with sky-rocket speed within the Iron Lady's clique; it has taken only 18 months since he became a cabinet member, for him to become the youngest prime minister this century, at only 47.

Had it not been for the support of the Iron Lady, he would not have been able to poll 185 votes. If the domestic and international climate had not demanded unity within the party for the sake of overcoming current difficulties, Michael Heseltine and Douglas Hurd would not have given up a third ballot so easily; both of them

declared they would vote for Major in the third ballot. From the dramatic process of the race, we can see the great strength of the senior members of the Conservative Party manipulating the situation, taking the interests of the whole into account, striking a balance, and mediating. Although the Iron Lady originally said she would take part in the second ballot, she did not get the nod from senior party members, so she eventually had to make the painful choice of announcing to her cabinet that she would withdraw from the second ballot. Although Heseltine took the lead after the first ballot—and while all public opinion polls said he would be more capable of defeating the Labor Party in an election if he, and not the other candidates were to lead the Conservative Party—on the eve of the second ballot, the atmosphere changed, and the most junior, Major, became the most popular. Moreover, the three candidates simultaneously guaranteed the public that no matter who won, they would admit their opponents into the cabinet, thus establishing a united atmosphere within the whole party. It seems that in the process of lobbying for votes, senior party members actively carried out coordination and mediation; the one who could win the largest number of votes would sit in that cherished chair of the leader of the party, absorb opponents into his cabinet, establish a system of collective responsibility in the cabinet, and prepare for the approaching election.

The election is approaching fast; there are only 18 months left. If the election is to take place at a time when Britain's economy is at its lowest ebb, the Conservative Party might lose the chance of running the government in the 1990's. Therefore, the most important thing to do at this moment is to establish a united image, and to end disputes and controversies. The third ballot would only have been an unnecessary procedure.

Major stressed in his first speech after taking office, that he will build Britain into "a country full of opportunity," one which will "play an overall leadership role in Europe." It seems that in the area of domestic economic policy, he will still promote Mrs. Thatcher's policy of free economy; but in the area of policy toward Europe, he will make some major adjustments, and will not follow the rigid policy of keeping Europe at arm's length as Mrs. Thatcher did. Also, he will bring an end to the illusions arising from a reflection on the past glory Britain enjoyed after the World War II, as well as from the country's unwillingness to consider its declining power.

Great changes have taken place in the world, and the Conservative Party is now facing a completely new and varied one, a totally new Europe, and various difficulties and challenges; it has to adopt a more flexible diplomatic line, and to develop relations with various political forces. The Iron Lady overemphasized the so-called special relations between Britain and the United States, excessively cherished the memory of the glorious old days, and this limited her ability to adjust her external policy according to the development of the present. The result was that she argued with many senior members of her cabinet, and she



eventually met with a strong challenge from them, as well as from backbenchers; she could only resign, though reluctantly, thus ending an era. The Conservative Party picked the less experienced Major to take the flag, for he is flexible in thinking and has no fixed political burdens; hoping that the senior level will establish an open decisionmaking organ which will extensively consider various ideas, to enable the Conservative Party to have more and varied choices when making policy, and to explore a road adjusting to changes.

As successor to the Iron Lady, Major did not have half of the votes within the party, so it is obvious that he cannot randomly go his own way; he has had to absorb Heseltine into his cabinet, therefore, in the future, when the British cabinet has to make policy, it will have to listen to different opinions. Facing the regional integration of the European market, Britain must carry out economic reform to catch up with the industrial and agricultural standards in Germany, France, and Italy, otherwise, when the commodities and funds from Europe rush into Britain, the British economy will clash. If Britain has to join the European Monetary Union, then the Iron Lady's idea on currency can seemingly no longer be followed. Facing a united market, a Europe in which countries open to one another economically, Britain can only open up overall, and cannot close its door to Europe.

Major is a symbolic figure at a time when Britain is seeking changes; he has come across the opportunity the others do not have, but also faces serious challenges. If he can quickly bring about prosperity, promise to change the poll tax, and participate in the election, he might well become a new leader of a new era. If he wastes his time, and allows more bad news on the economy to come, then when he goes to the election, he might be just a transitional figure.

#### 'Roundup' Discusses Major's Victory

OW2811191990 Beijing XINHUA in English  
0857 GMT 28 Nov 90

["Roundup by (Fu Quansheng): Conservative Leadership Battle Ends in Major's Victory"—XINHUA headline]

[Text] London, November 27 (XINHUA)—A politically divisive crisis in the British ruling conservative party has appeared to come to an end with Chancellor John Major emerging as the new prime minister after winning a fierce week-long battle with his rivals for leadership of the country.

At 47, Major is the youngest British prime minister this century and faces a plethora of problems, both at home and abroad.

The chancellor of the exchequer stood in the election ring last Thursday after his mentor Mrs. Thatcher was forced out of the leadership election as a result of a cabinet "coup", or her failure in the first ballot, and the crumbling of her support within the Conservative Party.

Conservative members of Parliament soon rallied behind him and in only four days, Major surged ahead of the other two candidates, former Defence Secretary Michael Heseltine and Foreign Secretary Douglas Hurd.

Tonight's election results showed that he took the lead among the three contenders with 185 votes out of 372 conservative MPs [Members of Parliament], just two short of the tally needed for an outright victory.

But as his rivals immediately conceded defeat and called on their supporters to vote for Major in the third ballot, Cranley Onslow, chairman of the 1922 backbench committee who is responsible for the election, said there was no need for a further ballot.

Heseltine, who mounted a challenge to Mrs. Thatcher's leadership after Sir Geoffrey Howe's resignation caused a political crisis, immediately announced his withdrawal from the contest "in the interests of party unity" when he saw his ambition of becoming prime minister slip away with only a mere 131 votes.

He said "We are about to see the dawn of a new era of conservative administration."

Hurd, who entered the ring as a "Stop Heseltine" candidate, also admitted his defeat with only 56 votes saying, "We can now find unity with a broadly based cabinet working in close consultation with our MPs and our supporters in the country."

Mrs. Thatcher was "thrilled" that her protege became her successor and congratulated Major "very warmly".

She said the chancellor "will be a superb leader of this country".

"I want everyone in the party to rally behind him so that he can go on and win a fourth successive general election for our party. I wish him every success," said Mrs. Thatcher who will formally tender her resignation to the queen tomorrow.

Major, a rising star within the Conservative Party, expressed gratitude to his rivals for the way they had conducted themselves during the election, and the gracious way they had conceded defeat.

"It is a very exciting thing to become the leader of the Conservative Party, and particularly exciting to follow one of the most remarkable leaders the Conservative Party has ever had."

"My job is clear. We are going to unite totally and absolutely and we will win the next general election."

But opposition parties called him another face of Thatcherism.

Labor leader Neil Kinnock branded him "no change, no majority" and a "Thatcherette".

"It means that the policies that brought the poll tax, recession, heavy mortgages and rising unemployment will go on," the labor leader said.

Liberal leader Paddy Ashdown remarked, "The face has changed, but the policies remain the same. Major was Mrs. Thatcher's candidate and the self-protector of Thatcherism."

The reaction from the Western world has been mixed.

U.S. officials welcomed the victory Major had won and hoped to "work well" with the new prime minister. President Bush said he expected an early meeting with Major.

Bonn's Parliament greeted the news of Major's election with cautious optimism, hoping he would be more pro-European than his predecessor.

But Paris television called him "Maggie's pet", "Victor by default" and would be "Remote-controlled" by the outgoing prime minister.

Major has an extremely difficult job ahead of him to establish his own image in order to win undisputable authority in the party by eliminating the impression of a lack of experience.

One of the priorities he must put on the agenda is the country's economy, which is sliding into recession due to high inflation and high interest rates.

He will continue to use interest rates as a way to fight inflation and then cut these rates to help the economy bounce back.

Major has also to deal with an unpopular poll tax, which provoked nation-wide violent protests in March of this year, sharply slashing the conservative government's popularity.

He has said that he would listen to the concerns of the public over the local service tax, and take into consideration a review of it.

On European issues, Major's main task is to adopt more flexible tactics to avoid another party division, which has saw the resignation of several cabinet ministers.

Major is expected to insist on his proposal of the "hard ECU" [European Community Unit] as another currency to run alongside European national currencies and oppose the direct imposition of a single currency in lieu of them.

As to the Gulf crisis, Major is likely to follow Mrs. Thatcher's tough stance with the assistance of Foreign Secretary Hurd.

Major will announce his first cabinet tomorrow, and some changes are expected. There might be some new faces to give the public a fresh image to achieve the goal of the party unity and build on the momentum at a time running up to the next general election due by mid-1992.

### 'Analysis' Views First All-German Election

OW2811202490 Beijing XINHUA in English  
0842 GMT 28 Nov 90

[“News Analysis by (Weng Zhenbao): On the Eve of an All-German Election”—XINHUA headline]

[Text] Bonn, November 28 (XINHUA)—Germany's landmark first general election after reunification is set for December 2, during which a total of 656 Parliament seats will be contested in 16 states to form the 12th Bundestag (parliament).

Starting in September and going through mid October, the three major political parties in Germany—Social Democratic Party [SPD], Free Democratic Party [FDP] and Christian Democratic Union [CDU], began announcing their campaign platforms one after another, marking the formal commencement of the electoral race.

Actually, the campaign has already been in full swing for a year as these parties fought against each other countless times during the process of negotiating reunification.

In addition to the three influential parties in German politics, there are some smaller groups in the campaign such as the Christian Social Union and two campaign unions in both the eastern and western portions of the country, as well as the Republican Party which has yet to make its campaign program public.

The theme underlying the race is deciding which path Germany should follow for both political and economic integration now that unification has been achieved.

Social Democrats, the main opposition party in Germany, had been expected to take the opportunity of reunification to revise the nation's Constitution in a bid to bring change to the current social system. However, the party hasn't issued any significant initiatives, and the ruling Christian Democratic Party insists on keeping the set policies and opposes any experimentation at this crucial juncture.

On the way to German economic integration, all parties agreed on a market economy, but they still differ in concrete methods of applying it.

The CDU stands for continuing the social market system, stressing reliance on the dynamics of private capital. To counteract the squeeze from the SPD and republican parties, and to coordinate the different interests both inside the party and from society, it also pledges to take more care of social welfare issues such as the current housing shortage for lower-income bracket citizens.

Meanwhile, the SPD centers mainly on the ecological clean-up of the industrial sector, and the guarantee of a decent standard of living. While it accepts the social market system, the SPD does not see it as a cure-all. Hence, the party suggests measured government intervention to guide industries toward protection of the environment and reduction of work time so as to create new job opportunities.

The FDP is opposed to limiting market mechanisms. On the one hand it criticizes the device of more government intervention, while on the other it steers clear of the term "social" in the "social market system". The FDP believes that the government should do more to guarantee operational freedom for small and medium sized enterprises.

The FDP admits to being on common ground with the CDU concerning economic policy, thus laying the groundwork for a public announcement of a coalition between the two parties.

The eastern portion of Germany is faced with mounting economic problems during this period of transition after the two parts of [the] country brought their economic, monetary and social unions into existence this July.

The demise of social insurance mechanisms in the eastern part of the country has increased the financial burden for West Germany. The Bonn government intends to go through with a budget plan that foresees the borrowing in 1991 of 150 billion German marks (about 103 billion U.S. dollars), the equivalent to five percent of the gross national product (GNP).

In 1989, borrowing was only 25 billion marks (about 16 billion dollars). It has skyrocketed to 120 billion marks (about 80 billion dollars) this year. Therefore, how to solve financial problems stemming from German unification has become another dispute among the nation's political parties.

The federal government's options to fill the budgetary gap are no more than borrowing, trimming public spending and financial subsidies, or readjusting the financial relations between the federal government and that of the states.

While the government has promised time and again not to raise new taxes to offset the costs of unifying the country, some leading figures of the CDU have different opinions on raising taxes. Chancellor Kohl, for example, has repeatedly backtracked on his no new tax promise recently.

SPD firmly believes that new tax levy is inevitable due to the reunification of the country. They advocate raising additional taxes on the higher brackets and for environmental protection. The government ridicules the SPD as "tax party" while SPD derides the government as "swinging to-and-fro".

In fact, the government's change in attitude on financial issue is caused by the uncertain economic situation and election strategy. The German economy of East and West is inevitably influenced by the Gulf crisis, the emerging recession in the West, and the decline of the Soviet economy. Although CDU and SPD have different election tactics, neither of them can make too much promise or dwell on the tax issue.

There is a proverb that says "never change horse in mid-stream". Now that the German economy is experiencing difficulties, the voters have opted to maintain the status quo, which was shown in the polls—that CDU is the most favorite to win in the all-German election.

#### **Suzhou Trade Exhibit Opens in Brussels**

*OW2911112490 Beijing XINHUA in English  
0723 GMT 29 Nov 90*

[Text] Brussels, November 28 (XINHUA)—The Chinese display at a week-long trade exposition featuring well-known products, both new and old, from Suzhou's more than 2500-years of commerce was unveiled here today.

The trade week, the largest one ever attended by the city located near Shanghai in eastern China, is designed to enhance cooperative relations between China and Belgium, according to Huang Jundu, the head of the mission who spoke at the opening ceremony.

On display are more than 1,500 products ranging from embroidery, textiles, handicrafts, metals and chemicals, which attracted nearly 200 prominent figures from local business circles as well as traders from other West European countries.

The trade week will end on December 5.

## Political & Social

### Dissidents Arrested After 4 Jun Charged Secretly

HK2911103590 Hong Kong AFP in English 1017 GMT  
29 Nov 90

[By Denis Hiault]

[Text] Beijing, Nov 29 (AFP)—China's communist leadership has secretly charged prominent students and intellectuals arrested after last year's pro-democracy movement with "counter-revolutionary crimes," a reliable Chinese source said.

The lifting of most Western economic and political sanctions imposed following the June 1989 crackdown on pro-democracy protests here and shifting of world attention toward the Persian Gulf have enabled the authorities to complete "the logical process of repression," observers here said.

But while the government has recovered sufficiently to bring last year's activists under its control, it remains unlikely to pronounce any death sentences, Chinese dissidents and most diplomats and analysts here agree.

China refused Thursday to confirm that some of those arrested had been charged and criticized foreign media for interfering in internal Chinese affairs under the pretext of defending human rights.

"The Chinese government attaches importance to (human rights,)" foreign ministry spokesman Li Zhaoxing told a weekly news conference here.

"I don't think it is appropriate by some individual to make random remarks about the internal affairs of other countries with the excuse of human rights," he added.

Mr. Li called on journalists to focus on China's development and economic construction rather than rumors.

Disputing official figures, observers here estimate the number of arrests following Beijing's armed crackdown on the protests in the thousands and executions in the hundreds.

The government has to date announced the executions of only a dozen "rioters"—mostly factory workers or unemployed men—for killing soldiers or police, setting fire to military vehicles or disturbing public order during the protests.

It also appears wary of prosecuting the "masterminds" of the pro-democracy movement, ranking officials or the children of cadres.

Former party chief Zhao Ziyang, sacked in June 1989 after openly sympathizing with demonstrators in Tiananmen Square and accused of "dividing the party and supporting the rebellion," has yet to see his trial get under way.

The communist leadership apparently fears such a move would stir divisions within the ranks of the party, which claims some 48 million members, and especially of the army, analysts said.

Since January, the authorities have announced the release of 881 people here and in Shanghai on grounds they had "repented."

They have also stepped up appeals to young "victims of bourgeois liberal influences," who have been subjected to ever tighter controls and bombarded with official propaganda.

In a bid to repair its rift with Washington and regain its Most Favored Nation trading status, the Communist Party in June allowed one of China's most prominent dissidents, astrophysicist Fang Lizhi, to leave for Britain after more than a year in hiding at the U.S. Embassy here.

But in the words of one Chinese intellectual, the government still needs scapegoats.

On Thursday, the Beijing high court gave the first official, if accidental, confirmation, of the ongoing trials, which have gone without mention in the official press.

Responding to a question from AGENCE FRANCE-PRESSE, a government spokesman said: "Because the trials of students such as Zhang Ming are not over, I can tell you nothing about them."

Mr. Zhang, 24 and an automotive engineering student at Qinghua University here, was arrested in September 1989 as he tried to sneak into Hong Kong from the neighboring Chinese city of Shenzhen.

He would have joined in exile his more fortunate compatriots Yan Jiaqi, Wan Runnan and Wuer Kaixi, who that month helped found the Paris-based Federation for Democracy in China.

Mr. Zhang is among some 20 to 30 people tried in the last three months for "counter-revolutionary" activities, a reliable Chinese source said Wednesday.

The defendants were tried in the presence of only two or three representatives of their respective "danweis" (work units), and the verdicts have not been released.

Six of the most prominent students and intellectuals arrested after the June 4 crackdown, including student leader Wang Dan, were charged with "counter-revolutionary activities" Saturday, the same source said.

Relatives of the defendants said they had been notified of the charges.

The others are: literary critic Liu Xiaobo, 34; Bao Zunxin, a philosopher and author of several texts arguing for greater democracy in China; Chen Xiaoping, a professor at Beijing University, where the pro-democracy movement began.



Chen Ziming, 37, and Wang Juntao, 32, director and editor-in-chief respectively of the *ECONOMIC STUDIES WEEKLY*, face the most serious charges—those of “sedition and counter-revolutionary propaganda,” which carry a minimum sentence of 15 years’ imprisonment.

These two “young dissident veterans” were first jailed in 1976 for taking part in the “Tiananmen Square incident,” a protest against the notorious Gang of Four that succeeded Mao Zedong. Both men were closely linked with the “democracy wall” movement of 1978-79.

Mr. Liu was one of four dissidents staging a hunger strike on Tiananmen Square when People’s Liberation Army tanks rolled in to crush the demonstrations on June 4, 1989.

His companions, including Taiwan rock singer Hou Dejian, called a news conference in May to demand his release but were forced to cancel at the last minute when they were taken into custody for several days.

#### Further on Defendants

HK2911015190 Hong Kong *HONGKONG STANDARD* in English 29 Nov 90 p 1

[Text] Beijing: Six of the most prominent intellectuals and students arrested following last year’s prodemocracy movement, have been charged with “counter-revolutionary activities”.

A reliable Chinese source yesterday said the six, including student leader Wang Dan, were notified of the charges against them on Saturday.

Another 20 to 30 people detained following the June 4 crackdown, have been tried secretly during the past three weeks but have not been told of their sentences.

The six principal defendants are:

Wang Dan, 25, a history student at Beijing University, considered among the young masterminds of the prodemocracy movement and No. 1 on the list of “counter-revolutionaries” wanted throughout China.

Liu Xiaobo, 34, a literary critic who was staging a hunger strike along with three other dissidents when soldiers backed by tanks took control of Beijing.

Bao Zunxin, a philosopher and author of several texts arguing for greater democracy in China.

Chen Xiaoping, a professor at the prestigious Beijing University, cradle of the pro-democracy movement.

The last two on the list—Chen Ziming, 37, and Wang Juntao, 32, director and editor-in-chief respectively of the *ECONOMIC STUDIES WEEKLY*—were charged with the most serious crime, that of trying to overthrow the government and could face a minimum 15 years in prison.

Meanwhile, the wife of Hong Kong businessman Law Hoi-sing, accused of helping Mr Chen and Mr Wang trying to flee the mainland, yesterday vowed to continue fighting for his release.

Chow Mat-mat told *THE HONGKONG STANDARD* she petitioned the Guangzhou Municipal Bureau of Public Security to follow the lead of Shanghai authorities who released another Hong Kong man in June.

Mr Law, 40, owner of a China trading company, was arrested in Shenzhen on October 14 last year and accused of helping the fugitives.

Hong Kong men Lai Pui-shing and Lee Lung-hing also were arrested in October and December last year. Ms Chow said authorities had yet to lay any charges against her husband.

In her petition, Ms Chow requested the Guangzhou authorities follow Shanghai’s example in releasing Hong Kong student Yao Yong-zhan, 20, detained for a year in Shanghai for his involvement in the student movement.

#### Jiang Zemin Visits Poor Areas in Guangxi

HK2911075890 Nanning Guangxi Regional Service in Mandarin 1130 GMT 28 Nov 90

[GUANGXI RIBAO report: “General Secretary Cares for People in Old Liberated Areas”]

[Excerpts] Jiang Zemin is concerned about the people in the old revolutionary liberated areas. On the eve of the 61st anniversary of the Bose Uprising, he personally visited this heroic land.

On 20 November, the second day of his inspection tour of Guangxi, he came to western Guangxi from Guilin by air. At 1600 [0800 GMT], as soon as he alighted from the plane at the (Pingyang) airport, he drove to Bose Prefecture. [passage omitted]

Of the 12 counties comprising Bose Prefecture, nine are listed by the State Council as poor counties.

On the morning of the 21st, Jiang Zemin visited (Yongli) village, Napo Town, (Pingyang) County, where the Zhuang people live. Jiang Zemin went into a poor hut where wind blew in from all sides. There were no presentable clothes in the clothes box and there was only half a pail of grain. Jiang Zemin asked his host (Fu Qiqian) how he managed to spend the winter and Fu told him that they kept warm by building a fire. Jiang asked again: “How much land does your family till? Do you have enough food?” Fu, aged 26, shook his head and replied: “I grow two mu of sugar cane and two mu of maize. There are four members of the family and the two children are still small. I failed to raise pigs. The food I have can only feed the family for two or three months.” With a heavy heart he visited another Zhuang peasant, (Wei Keqiang), in his wooden building. The Weis live a better life than the Fus but their per capita income amounts to only 200 yuan.

Later Jiang Zemin met with village cadres and asked them what difficulties they had at present. Party branch secretary (Li Shihua) said that they had three great difficulties: 1) No transport facilities; 2) no electricity; and 3) no funds to develop production. Village cadres told Jiang Zemin their sufferings in turn but they admitted that, since the system of contracted responsibility on a household basis with remuneration linked to output was introduced following the third plenary session of the party's 11th Central Committee, the peasants have fared much better than before. Jiang Zemin told the village cadres: I feel sad after visiting the Fus. With such a poor house how can they cope with the rain and wind? They cannot keep themselves warm in winter even if they build a fire. Again, I was told that the Fus are not the poorest family in the nearby mountain areas. Therefore we have heavy burdens on our shoulders to help poor peasants. Anyway, we must help poor peasants by developing production. Party committees and governments at all levels must try their best to do a good job in this respect. China is a country with a population of over 1.1 billion. The country is so big and the economy has developed so unevenly that there will be a number of poor areas even when we have succeeded in giving our people a fairly comfortable life. He added: Poor areas must earnestly bring the population growth rate under control and improve the people's quality. [passage omitted]

### **Song Ping Views Party Building in Rural Areas**

OW2711232090 Beijing XINHUA Domestic Service  
in Chinese 1127 GMT 27 Nov 90

[By reporter Jiao Ran (3542 3544)]

[Text] Beijing, 27 Nov (XINHUA)—This morning at the Huairan Hall in Zhongnanhai, Song Ping, member of the Standing Committee of the Political Bureau of the CPC Central Committee, met with 50 county (city) party committee secretaries attending a seminar on rural party building held by the Propaganda Department of the CPC Central Committee. He discussed with them the current political and economic situation and the question of party building in rural areas. He pointed out that it is necessary to give full play to the role of county (city) party committees as the leadership at the core and to earnestly strengthen primary party organizations in order to build socialism with Chinese characteristics.

Comrade Song Ping said: Over the past year, our country has enjoyed political, economic, and social stability, and made progress in all fields of work. The situation has been fine. At the same time, however, we should note the problems and difficulties before us, keep ourselves sober-minded, have an increased feeling of urgency, and deepen our sense of responsibility. The next 10 years will be a critical decade in the development of the socialist cause of our country. During this period, we should work conscientiously, struggle hard, and devote special efforts to party building. When we have done a successful job of party building and rallied the masses of people closely around the party, we will be able to surmount any difficulty and continuously improve the affairs in our country.

Song Ping said: County (city) party committees are not only leading organs but, also executive organs at the forefront of the party's work. Whether the party can truly strengthen its leadership over rural work depends principally on county (city) party committees' efforts to give full play to their role as the leadership at the core. County (city) party committees should not act as an "office for receiving and dispatching documents," but should function as a "processing plant." They should fully assimilate the principles and policies established by the party Central Committee, grasp the overall situation, and make innovative arrangements to put the principles and policies into practice in line with the actual conditions of their respective localities.

Song Ping stressed: Agriculture is a major part of the work of all counties (cities), and at no time should efforts be relaxed in this respect. The question of agriculture concerns the overall issue of socialist construction. What should we rely upon to develop agriculture? The answer is: one, the policy; two, science and technology; and three, investment. Of these, the most fundamental one is to rely on the party's policy to arouse the peasants' initiative. As for what policy and method of operations should be adopted for rural areas, generally speaking, it is necessary to see if the policy and method of operations are compatible with the present level of development of productive forces and if they can arouse the peasants' initiative to develop the economy and embark on the road to common affluence. In dealing with various affairs and thinking over questions, we must proceed from China's actual situation and give thorough consideration to the desire of the masses. To deepen the reform of the operational system in rural areas, the main tasks are: to stabilize and perfect various responsibility systems, primarily the household contract system that links remuneration to output, to improve the dual operational system combining unification and decentralization, to gradually strengthen and expand the collective economy, and to establish a socialized service system. There are over 2,000 counties in our country, and their conditions vary immensely. They should proceed from their actual conditions and try to make a success of those tasks that are conducive to production and accord with the desire of the masses. While deepening the reform, it is imperative to pay attention to using science and technology to develop agriculture and place importance on input to agriculture, especially the labor input. To sum up, if agriculture is to be brought to a new stage, there must be innovative and feasible measures.

Song Ping added: County (city) party committees should make overall planning for their work in all fields with particular attention to major tasks. There are party organizations and Communist Party members in all organs of political power and all departments at the county level. This is a favorable condition for us. Through various party activities and by means of our ideological and political work, we should strengthen the building of our political power and pool the strength of

both higher- and lower-level organs as well as all other departments so as to make up a combined force.

Song Ping asked all county (city) party committees to gear up the effort to improve themselves, seriously implement the system of democratic centralism, and solve the question of how to institute a scientific and democratic process for making policy decisions. Members of county (city) party committees should make more efforts to temper their party spirit, display the spirit of dedication, and act as models in being honest in performing duties, abiding by discipline and law, opposing corruption, and preventing deterioration. In sum, he said, county (city) party committees should act as fighting collectives that are politically staunch, united as one, full of vigor and vitality, and capable of forging close ties with the masses.

Song Ping pointed out: Primary party organizations are the foundation of our party. They are the ones to be relied upon to carry out the party's principles, policies, and work in all fields. County (city) party committees must attach great importance to the improvement of township and village party organizations and must truly strengthen the efforts in this regard. Township and village cadres are at the most basic level, and since they deal directly with numerous households, their work is very toilsome. We should be concerned about them, cherish them, and help them to do their work well. It is imperative to strengthen the township and village leading bodies. In particular, it is imperative to do well in selecting secretaries for these leading bodies so that capable cadres with a dedicated spirit and able to work for the real interests of the masses will replace those who are inferior to them. As for those cadres who have striking work performance and who are supported by the masses, it is necessary to support their reelection so that they will remain at their work posts. We should help primary party organization to promote the education of party members with a view to raising their quality. Constant efforts should be made to apprise the party members of the current situation, the policies, and the party regulations and rules. We should assist them in reinforcing their confidence in socialism, enhancing their concept about the overall interests and collectives, and resisting the influence of erroneous ideas of one kind or another. Some rural areas have a rather serious problem of the aging of party members. In those areas, attention should be devoted to training young peasants and admitting into the party those who meet the qualifications for party members.

#### **Hunan County Meeting Honors Mao's First Wife**

HK2711145590 Beijing RENMIN RIBAO in Chinese  
15 Nov 90 p 4

["Dispatch" by reporter Wu Xinghua (0702 5281 5478): "Meeting Held in Hunan's Changsha County To Commemorate Martyr Yang Kaihui"]

[Text] Changsha, 14 Nov (RENMIN RIBAO)—A meeting to commemorate the 60th anniversary of the

death of the martyr Yang Kaihui [first wife of Mao Zedong] and the ceremony to unveil her statue were held in the martyr's hometown: Bancang, Changsha County, Hunan. Separately presenting inscriptions on the occasion were party and state leaders Li Peng, Wan Li, Li Ruihuan, Wang Zhen, Song Renqiong, Wang Shoudao, Yang Dezhi, Zhang Aiping, Duan Junyi, Geng Biao, Yan Jici, Wan Renzhong, and Kang Keqing. Central Advisory Commission Standing Committee member Song Shilun and Geng Biao attended the meeting and unveiled the white marble Yang Kaihui statue.

Today, the former home of the martyr Yang Kaihui takes on a new look after renovation. The full statue of Yang Kaihui in a standing position is erected in Bancang's Kaihui Mausoleum. It stands 3.8 meters in height, pedastalled on red granite, and measures six meters, including the pedestal. The statue portrays the theme, "proud poplar" in Comrade Mao Zedong's famous poem, entitled "Reply to Li Shuyi—to the tune of Die Lian Hua," and vividly recreates Comrade Yang Kaihui's personality characterized by gentleness and fortitude, and her heroism which found expression in her fearlessness of hardships, danger, and sacrifice as well as her faithfulness and undaunted spirit.

Hunan Provincial Party Committee Secretary Xiong Qingquan delivered a speech at the meeting and unveiling ceremony.

A cable from the All-China Women's Federation was read at the meeting.

He Jingzhi, deputy director of the CPC Central Committee Propaganda Department and acting vice minister of culture; Chen Bangzhu, Hunan Provincial Party Committee deputy secretary and governor; the martyr Yang Kaihui's relatives, including Mao Anqing, Shao Hua, Liu Songlin, and Mao Xinyu; along with representatives from all circles of Changsha participated in the commemoration meeting and statue-unveiling ceremony.

#### **Hunan Governor Leads Delegation to Shanghai**

HK2711120190 Changsha Hunan Provincial Service  
in Mandarin 2300 GMT 22 Nov 90

[Text] Yesterday morning, a Hunan delegation headed by provincial party committee Deputy Secretary and Provincial Governor Chen Bangzhu met with Shanghai Municipal Party Committee Deputy Secretary and Executive Vice Mayor Huang Ju in Shanghai. Both sides held wide-ranging talks on Hunan's participation in the development of Pudong and on strengthening economic cooperation between Hunan and Shanghai.

Comrade Huang Ju expressed welcome to Hunan's participation in the development of Pudong and proposed that Hunan should build [words indistinct] export-oriented enterprises.

Comrade Chen Bangzhu said: Hunan is willing to become a logistics department which will provide grain, non-staple



food, and building materials to Shanghai to support the development of Pudong. He expressed the hope that Hunan's participation in the development of Pudong will also push ahead with Hunan's economic development.

### Inner Mongolian Secretary Heads Shaanxi Visit

HK2711053090 Xian Shaanxi Provincial Service  
in Mandarin 0030 GMT 23 Nov 90

[Excerpts] The Inner Mongolia Autonomous Regional Investigation Delegation headed by the regional party committee secretary Wang Qun arrived in our province on 17 November. [passage omitted]

On the morning of 21 November, Vice Provincial Governor Wang Shuangxi briefed the delegation on the production and construction of the dry Weibei Plain.

Wang Shuangxi said: In 1981, the provincial party committee and the government decided to build the dry Weibei Plain into a provincial grain production base as well as a diversified economic base, and decided to allocate 6 million yuan each year to support Weibei's construction. After nearly a decade of hard work, the dry plain has successfully harnessed soil erosion, improved the ecological environment, doubled grain production output, and basically built an apple-tobacco-oil-crop commodity production base. Township and town enterprises are gradually becoming the pillar of the rural economy in Weibei with their total output value in 1989 increasing by 1,200 percent over that in 1980. Sixteen of their products have been awarded such titles as "Ministerial Good Product" or "Provincial Good Product" respectively, 10 of which have become export-oriented products capable of earning foreign exchange. The livelihood of the Weibei peasants has shown significant improvement. Weibei has also basically solved the problem of feeding and clothing its people. [passage omitted]

On the evening of 18 November, provincial party and government leaders, including Zhang Boxing, Bao Qingcai, An Qiyuan, and Wang Shuangxi, met with all the members of the Inner Mongolia delegation.

The visiting delegation consists of 18 members, including regional party committee deputy secretary Qian Fenyong, standing committee member and secretary general Liu Yunshan, regional government vice Chairman Alatan Aoiqier, and others.

### Cai Cheng Views Strengthening Grass-Roots Organs

HK2711140390 Beijing RENMIN RIBAO in Chinese  
15 Nov 90 p 3

[Report by Zhang Cheng (1728 4453) and Zhang Cailong (1728 2083 7893): "Justice Minister Cai Cheng Stresses Need To Strengthen Basic Work of Grass-Roots Judicial Organs"]

[Text] Guangzhou, 13 Nov (XINHUA)—At a national meeting on exchanging experiences in providing legal services for rectification, improvement, and reform among township and town legal service organs, which

concluded yesterday in Guangdong's Foshan City, Minister of Justice Cai Cheng stressed the need to strengthen the basic work of grass-roots judicial organs. He said only when the basic work of grass-roots judicial organs is done well, can a firm foundation be laid for doing overall judicial work well. In this way, the people's eagerness for participating in local economic life and in management of social affairs can be aroused.

In concrete terms, Cai Cheng stressed four areas of the basic work of judicial organs at the grass-roots level which must be done well at this moment:

- For mediation work among the people, continue to prevent work from going to the extreme, and ensure a stable public order and a peaceful social environment in the localities; actively handle common and frequently occurring cases of disputes; improve the ability for preventing, regulating, and controlling disputes; and properly safeguard the "first line of defense" for protecting social stability.
- In order to strengthen the role and function of various grass-roots organs, it is necessary to continually grasp construction of grass-roots teams. It is necessary to strengthen ideological and political education work for assistant judicial workers and township and town legal service workers to build a grass-roots judicial contingent which is politically sound, very professional, clean, not corrupt, and hard-working.
- Attention must be paid to fortifying and strengthening the departments managing the grass-roots judicial organs and change the current situation of the poor quality and small number of cadres working in the judicial bureaus and management organs at various levels, especially at the county and district levels.
- It is necessary to attach more importance to legislation and law drafting work for the basic work of grass-roots judicial organs. On the premise of investigation and research, various localities should clarify the key points in basic work of grass-roots judicial organs which need legislation and law drafting and draft the relevant regulations.

### Public Health Minister Urges Medical Research

OW2211191790 Beijing XINHUA in English  
1553 GMT 22 Nov 90

[Text] Beijing, November 22 (XINHUA)—Chen Minzhang, Chinese minister of public health, called on medical departments at all levels to pay more attention to medical science research.

The minister, speaking at a national medical science meeting which opened here today, said that China will focus available technological personnel and funds on a number of crucial scientific problems in the medical field in the next few years.

Chen said that in order to develop medical science China will strengthen the co-ordination of all aspects in public

health such as prevention, treatment, education and technology. The tasks for medical departments will include increasing the speed and dissemination of achievements in medical science research, strengthening the training of young scientists, developing international co-operation in medical field, improving research conditions and investing more in research.

In recent years, the reform of medical science system has made considerable achievements, Chen said.

Official statistics show that China has 980 medical research organizations and 83,800 research fellows. A medical science system with a large research capacity and complete scope of research categories has been established.

#### **Public Health Minister on Returned Students Care**

*OW2611180390 Beijing XINHUA in English  
1626 GMT 26 Nov 90*

[Text] Beijing, November 26 (XINHUA)—Chen Minzhang, Chinese minister of public health, today called on medical departments to entrust returned students with appropriate responsibilities and pay more attention to their living and working conditions.

The minister, addressing a national meeting on returnees which opened here today, said that key laboratories should be opened to the returnees as soon as possible so that they can conduct their scientific and research work uninterrupted.

According to statistics, the units under the Ministry of Public Health had sent 11,510 people to 51 countries and regions for training by the end of 1989, which was 13 percent of the total number of people sent abroad by the country in the same period. Now 6,586 students—about 57.2 percent of the total—have come back home.

A survey of 1,015 returnees from Beijing Medical University, the China Medical Science Institute and Shanghai Medical University from 1978 to 1987 showed that 748 of 1,015 were promoted to higher technological ranks after they returned, of whom 56.7 percent were promoted to be professors. What's more, 405 returnees became directors of technical offices and 201 are now heads of research groups in China or abroad.

Above 85 percent of the persons in charge of key medical labs are returnees.

From 1978 to 1989 the medical system won 95 scientific progress awards and 53 national-level invention prizes, of which returnees were involved in 93 percent and 30 percent, respectively.

Chen said that returnees have made remarkable contributions to the development of Chinese medical technology. Sending students abroad is effective in speeding up the training of professionals and the practice will be continued, Chen said.

The meeting will also commend 100 returnees. Meanwhile, an exhibition on achievements of returned scholars is being held here.

#### **Symposium on Social Stability Opens 28 Nov**

*OW2811200290 Beijing XINHUA in English  
1432 GMT 28 Nov 90*

[Text] Beijing, November 28 (XINHUA)—A national symposium on legal theories concerned with the safeguarding of social stability opened here today.

The over 80 experts and professors from across the country who are attending the symposium will discuss 60 papers.

The symposium, sponsored by the China Law Society, will focus on legal theories concerning the democratic rights of citizens, the legal system concerning the economy, building a clean and honest government, and public security.

#### **Rules for Implementing Postal Law Published**

*OW2711013090 Beijing XINHUA Domestic Service  
in Chinese 2112 GMT 24 Nov 90*

["Rules for the Implementation of the Postal Administrative Law of the PRC"—XINHUA headline]

[Text] Beijing, 25 Nov (XINHUA)—**Chapter I. General Principles**

Article 1. The following rules are formulated in accordance with the stipulations in the "Postal Administrative Law of the People's Republic of China" (shortened as the "Postal Law" below).

Article 2. The PRC Ministry of Posts and Telecommunications (shortened as the Posts and Telecommunications Ministry below) is the State Council's competent postal administrative authority in charge of postal work nationwide.

The provincial, autonomous regional, and municipal post and telecommunications administrative offices (shortened as post and telecommunications offices below) are postal administrative organs in charge of the postal work of the province, region, or municipality.

Article 3. City and county post and telecommunications offices (including post offices, the same below) are state-owned public enterprises managing postal services (shortened as postal enterprises below), and they are authorized by the post and telecommunications offices to manage the postal work of the city or county.

Post and telecommunications branches, post and telecommunications stations, post branches, and post stations are branch offices handling postal services (shortened as branch offices below); and postal kiosks and postal newsstands are the service points of postal enterprises.

Postal and telecommunications agents are regarded the same as the branch offices of postal enterprises.

Article 4. Without commission by postal enterprises, no unit or individual is allowed to deliver letters, postal cards, or other articles with the nature of mail, except for those otherwise specified by the State Council.

Letters are referred to carriers transmitting information in enclosed envelopes; and other articles with the nature of mail are referred to carriers transmitting information through signs, pictures, and sounds. Specific contents will be stipulated by the Posts and Telecommunications Ministry.

Article 5. Postal enterprises should agree through consultation with units or individuals when commissioning them to operate postal services, and should sign commission contracts with the latter.

Article 6. All units and individuals using China's postal service are generally called postal users (shortened as users below).

Article 7. Postal enterprises should provide fast, accurate, safe, and convenient postal service to users, and protect their legitimate rights and interests in using postal services.

All units and individuals have the responsibility to protect the freedom of correspondence and keep correspondence in secret and postal articles safe; no unit or individual is allowed to use the postal service to engage in activities prohibited by laws, statutes, and policies.

In the course of transporting and delivering postal articles, no unit or individual is allowed to examine and detain the articles under any pretext, except for the legitimate examination of correspondence by the public security, state security, or procuratorial organs for state security or criminal investigation reasons.

Article 8. When examining and holding postal articles or freezing remittances and savings deposits for state security or criminal investigation reasons, the public security, state security, and procuratorial organs should furnish, according to the law, appropriate notifications of examination, detention, or freezes to the relevant postal enterprises or post and telecommunications offices at and above the county level. They should also list, in the notifications, the specific contents of postal articles, remittances, and saving deposits. After the examination, holding, and freeze are completed, postal enterprises should assign special personnel to gather and keep a detailed record of such articles. Postal articles, remittances, and savings deposits that are verified to have nothing to do with criminal cases and thus do not need to continue examination, holding, and freezes, should be promptly returned to postal enterprises. The loss and damage of postal articles, remittances, and savings deposits during examination, holding, and freezes should be compensated by the public security, state security, and procuratorial organs concerned.

Article 9. When people's courts and procuratorial organs want to confiscate domestic mail, remittances, or savings deposits according to law, they must issue legal papers

and go through formalities with the postal enterprise or the post and telecommunications office of the county concerned or of higher levels. Confiscation of international mail and parcels should be decided by the customs offices, and done after the proper formalities.

Article 10. If an organization needs to collect evidence and check postal records according to law, it must show a permit issued by the local public security organ, state security organ, procuratorial organ, or people's court. It must list the specific postal items to be checked, and go through formalities with the postal enterprise or the post and telecommunications office of the county concerned or of higher levels.

Article 11. No organization nor individual shall do the following things to obstruct normal postal operation:

- (1) Damage postal facilities;
- (2) set up stalls or stacking things at the entrances of postal enterprises or their branch offices to obstruct the passage of postal customers or postal vehicles;
- (3) create disturbances at sites of postal business;
- (4) pick a quarrel, make trouble, or obstruct postal workers from performing their official duties according to law;
- (5) block and intercept postal transportation, illegally obstructing postal transmission, or force a ride on postal transportation;
- (6) illegally inspect or intercept mail; and
- (7) other behaviors obstructing the normal work of postal enterprises, their branch offices, and postal workers.

## **Chapter II. Establishment of Postal Enterprises and Postal Facilities**

Article 12. The criteria for establishing postal enterprises and branch offices shall be stipulated by the Ministry of Posts and Telecommunications. The establishment or deactivation of postal enterprises shall be subject to the approval of the Ministry of Posts and Telecommunications. The establishment or deactivation of branch offices shall be subject to the approval of post and telecommunications offices, and be reported to the Ministry of Posts and Telecommunications for the record.

Article 13. Local people's governments at various levels should include the establishment of postal enterprises and their branch offices and the construction of postal facilities in local urban and rural construction plans.

Article 14. In the course of building new urban districts, independent industrial and mining districts, or housing areas, or rebuilding large areas of old urban districts, it is necessary to plan and establish postal enterprises and branch offices and build postal facilities of suitable size.



Article 15. The organizations or individuals concerned should provide conveniences for postal enterprises and their branch offices to set up, according to law, postal kiosks, postal journal booths, postboxes, and mailboxes or mobile postal service.

Article 16. Mail and newspaper boxes are accessories to apartment buildings. Housing designers should include them in civilian housing architecture.

Mail and newspaper boxes with numbers matching those of the housing units in an apartment building should be set up on the ground floor. For residents of several apartment buildings to receive mail and newspapers, a mail room may be set up to house the mail and newspaper boxes.

The owners or managers of apartment buildings have the duty to maintain and repair the mail and newspaper boxes. They may entrust maintenance and repair jobs to local postal enterprises and branch offices and pay for those jobs.

Article 17. Postal enterprises should offer postal services at large railroad and bus stations, airfields, ports, and hotels which in turn should provide spaces for the postal service.

Article 18. If an organization must requisition or relocate any postal enterprise, branch office, or postal facility to meet its construction needs, it should negotiate with the postal enterprise. The postal enterprise or its branch office may be relocated to a suitable place or be rebuilt there, provided normal postal operation is not obstructed. The relocation or rebuilding expenses shall be borne by the requisitioning or relocating organization.

### Chapter III. Various Kinds of Postal Services

Article 19. Postal enterprises handle domestic and international mail services, as well as express mail service.

Domestic mail is mail sent and received within the domain of the People's Republic of China. Of domestic mail, those mailed from or mailed to Hong Kong, Macao, and Taiwan are called mail of the Hong Kong, Macao, and Taiwan regions. International mail is mail exchanged between the People's Republic of China and other countries and regions, and mail from other countries and regions which are passing through China.

Article 20. Distribution of domestic newspapers and journals denotes the business of distributing newspapers and journals by postal enterprises for the newspapers and journals.

Article 21. Newspapers and journals requesting postal distribution service should show their publishing permits and registration certificates to the designated postal enterprises or postal newspaper and journal distribution offices in their areas of distribution. Postal enterprises capable of distributing newspapers and journals should sign distribution contracts with the newspapers and

journals according to relevant government regulations on a basis of equality, mutual benefit, mutual agreement, and fair payment.

Article 22. Postal savings deposit and postal remittance business is banking business handled by postal enterprises to accumulate funds for the state and to facilitate economic exchanges. The postal savings deposit and postal remittance business shall be placed under the unified management of the Ministry of Posts and Telecommunications, and shall accept the guidance of the People's Bank of China. All banks concerned shall provide conveniences for postal enterprises to handle the savings deposit and remittance business.

Article 23. Specific categories of postal services and mail shall be stipulated by the Ministry of Posts and Telecommunications.

### Chapter IV. Postage and Postage Proof

Article 24. Basic postage is the postage for ordinary domestic mail and postcards. Nonbasic postage is a fee for other postal services.

Basic postage is set by the commodity price department under the State Council with the approval of the State Council. Nonbasic postage is set by the Ministry of Posts and Telecommunications.

Article 25. The bases for setting or readjusting the postage are:

(1) The necessity of covering the costs of postal enterprises, helping their development, and meeting public needs;

(2) the necessity of readjusting domestic postage according to the changes in postal costs; and

(3) the necessity of readjusting international postage according to the provisions of the "Universal Postal Union," and changes in international and domestic postal costs and the exchange rate between renminbi and foreign currency.

Article 26. Postage proofs are securities issued by the Ministry of Posts and Telecommunications to serve as postage receipts. They include stamps; stamp patterns printed on postage-paid envelopes, postage-paid postcards, and postage-paid aerograms; and postage signs stamped on mail by postage machines.

Article 27. In accordance with international rules, International Postal Coupons issued by the International Postal Union may be exchanged for stamps of equivalent postage for mail of specific weights; but they cannot be exchanged for cash.

Article 28. In case stamp designs have to be reproduced because of special needs, the reproduction must be reported to authorities in charge of posts and telecommunications, in accordance with rules governing the reproduction of stamp designs, for their examination and approval.

Printing units shall not undertake the printing of reproduced stamp designs or stamp look-alikes that have not been approved.

Article 29. The production of envelopes for correspondence purposes shall meet state standards, and the printing shall be supervised by local authorities in charge of posts and telecommunications.

Article 30. The production of postcards shall meet the specifics set by the Ministry of Posts and Telecommunications.

After having been approved by postal and telecommunications authorities, county and higher level postal enterprises may print and issue postcards with the characters of "Chinese People's Postal Service." The production of postcards by other units shall be supervised by the local postal and telecommunications authorities, and the characters of "Chinese People's Postal Service" may not be printed on these cards.

#### Chapter V. Mail Delivery and Compensation for Loss

Article 31. The delivery of ordinary mail is free of charge for compulsory servicemen in the military, but not for other servicemen. Measures for supervising the delivery of compulsory servicemen's ordinary mail shall be drawn up by the Ministry of Posts and Telecommunications and the relevant departments of the Chinese People's Liberation Army.

Article 32. Postal matters must tally with rules set by the Ministry of Posts and Telecommunications regarding the contents, packaging, and the standard form of addressing. Postal codes must be correctly written. Envelopes for letters must be in line with state standards. Written language or other things irrelevant with postal matters shall not be printed or written on the envelopes or postal papers. The face of postage stamps shall not be smeared or covered with any other things. Postage stamps which are forged, reproduced, and put together with cut-up parts; and which have had the previous cancellation marks removed, shall not be used.

Article 33. The mailing of the following articles, or postal matters containing the following articles, is prohibited:

- (1) Articles whose circulation or delivery is prohibited by law;
- (2) reactionary newspapers, magazines, books, propaganda materials, or obscene materials;
- (3) Explosives, inflammables, corrosives, radioactive substances, toxic substances, and other hazardous materials;
- (4) Articles which are harmful to public health;
- (5) Easily perishable goods;
- (6) All kinds of living animals;
- (7) All kinds of currencies;

(8) Articles not suitable for mailing;

(9) Articles which are improperly packed, or which may jeopardize personal safety, cause contamination, or damage other postal matters and equipment.

The aforementioned goods may be mailed if they have the special approval of the Ministry of Posts and Telecommunications, and if their safety has been guaranteed.

Article 34. The Ministry of Posts and Telecommunications and the relevant authorities of the State Council shall draw up rules for goods for which domestic delivery is controlled.

Article 35. For articles mailed in violation of prohibitions and control, postal enterprises or branch offices shall handle them in the following manner in accordance with their categories, natures, and quantity:

- (1) Refuse to deliver them;
- (2) Notify the senders to take them back within a specified period and dispose them on the spot if they are not taken back within that period;
- (3) Refer them to relevant departments for disposal according to law; or
- (4) Charge the senders to undertake compensation when the goods they send have jeopardized personal safety, or have contaminated and damaged other mail and equipment.

The senders shall bear the charge needed for disposing articles mentioned in clauses (2) and (3) above.

Article 36. Newly constructed enterprises, establishments, and living quarters shall have their mail delivery registered at the local postal enterprises or branches offices by their responsible authorities. When units change names and when addressees change addresses, they should notify local postal enterprises or branch offices in advance and have their new addresses registered. Postal enterprises should publicize their registration locations and telephone numbers.

Relevant postal enterprises or their branch offices should register those units which meet the following terms and arrange their mail delivery within 90 days after the date of registration:

- (1) Units which are accessible by postal vehicles, and in which postal workers can perform their duties;
- (2) Units with building numbers serialized by public security organs;
- (3) Units equipped with boxes for postal matters, or units that have offices handling incoming and outgoing mail; and
- (4) Units which need to register their Chinese and foreign names according to regulations and have done so accordingly.

Article 37. Mail shall be delivered the following ways, except for those which the Ministry of Posts and Telecommunications rules otherwise:

(1) Address-based delivery

Mails of urban residents are delivered to the entrances of compounds of one-story houses, or to the mail boxes installed on the ground floor of multi-story buildings, or to the offices handling incoming and outgoing mails, based on the addresses of the addressees. The mail of a unit, the mail of organs affiliated to it and individuals working at it, and the mail of residents living in its dormitories, are delivered to its office handling incoming and outgoing mail. Offices handling incoming and outgoing mail should be located on the ground floor. When two units share the same address, they should agree on one location for mail delivery. When mail, newspapers, and magazines have to be delivered upstairs, the residents should consult with relevant postal enterprises or their branch offices, and pay for special service according to regulations.

In general, mail for rural and pastoral areas shall be delivered to fixed locations of townships or administrative villages based on accessibility and volume. The mail for an area smaller than a township or an administrative village shall be handled in a manner agreed on between the township people's government or the villagers' committee and the postal enterprise or its branch office.

Mail for ships shall be delivered to offices handling incoming and outgoing mail of the units to which the ships are affiliated.

(2) Pickup by residents

For mail that can be picked up after going through some formalities at postal enterprises or branch offices, mail of addressees whose addresses are P.O. box numbers (special mail boxes), mail at post offices waiting to be picked up, and mail too heavy and too large for delivering to the addressees, as well as bulk mail, has to be picked up by the addressees.

Article 38. When addressees pick up their registered mail, and when payees receive remittances, they shall show valid identification to relevant postal enterprises or branch offices and also affix their name seals to relevant receipts.

When a person is designated to pick up mail or remittance for an addressee, he shall show valid identification of both himself and the addressee. He may pick up mail or remittance after his identity is verified by the postal enterprise or its branch office and after affixing his seal on the receipt or signing it.

Valid identification includes identity cards, domicile records, and employment cards.

Article 39. If an addressee finds the wrapping is damaged when he picks up a piece of registered mail, he should say so and examine the contents on the spot. If some of the

contents are missing or damaged owing to the fault of the postal enterprise or its branch office, or if the mail is missing or damaged owing to the fault of the enterprise or its branch office, the postal enterprise or the branch office shall compensate for the loss according to regulations. If the loss or damage is caused by people in the mail office of the unit where the addressee works, the relevant personnel shall bear the responsibility.

Article 40. When residents receive incorrectly delivered mail, they should immediately return them to postal enterprises or their branch offices. When residents open mail by mistake, they should reseal it, sign it, and return it to postal enterprises or their branch offices; they should also hold the contents of the mail they have opened by mistake in confidence.

Article 41. When receiving registered mail, personnel of a unit's mail office should seriously check the mail and then affix the stamp on the receipts after making sure that no mistakes have been made.

Personnel handling incoming and outgoing mail are responsible for protecting and delivering all the mail. They shall not open, hide, or destroy the mail or tear stamps.

**Chapter VI. Mail Transport, Custom Clearance, and Quarantine**

Article 42. The Ministry of Posts and Telecommunications and the Administration of Posts and Telecommunication shall promptly notify relevant transport departments about changes about mail transport and volume. All transport departments shall furnish the necessary space on trains, planes, and ships on a priority basis according to postal needs.

Relevant shipping departments should properly set aside the space, entry-exit passages, and buildings needed for mail loading, unloading, and storage services. They shall also furnish facilities for issuing information about the state of train and plane operation.

Railway stations, airports, ports, and piers under construction, remodelling, or expansion should have centralized plans for spaces and passages needed for keeping and transmitting mail. Construction costs shall be covered by postal enterprises.

Article 43. Accords on postal delivery should be signed when postal enterprises consign transport units to deliver mail.

Article 44. Mail consigned to transport units shall be delivered ahead of cargo. In case delivery has been suspended or when delivery has to be rescheduled or relocated, transport units should immediately notify postal enterprises or their branch offices.

Article 45. Ships carrying mail should show their mail colors, and ports should give passage priority to ships with such colors.



Article 46. When transport units undertake mail transport, they and postal enterprises or their branch offices shall go through the checking formalities, except for mail escorted by personnel sent by postal enterprises or their branch offices.

In accordance with regulations that have been agreed upon, relevant transport units are liable for losses, shortages, and damages to mail occurring during transport, except those caused by force majeure.

When mail ships must abandon their cargo in the event of shipwreck, they shall not abandon the mail they carry until it is absolutely necessary.

Article 47. When train and ship workers performing postal transport and delivery duties pass bridges, ferries, tunnels, and checkpoints, relevant authorities shall give them passage priority. While delivering mail, postal vehicles bearing special postal insignia and holding passes issued by public security organs may ignore restrictions imposed on areas off-limits to driving or parking. When mail vehicles or postal personnel violate the law while delivering mail, relevant authorities shall let them go after recording their violations and handle their cases when they have finished performing their duties.

Article 48. In case timetables and delivery schedules, which postal enterprises have drawn up in accordance with the time of the arrival and departure of carriers to and from stations and ports, have to be changed, they should notify customs of the changes three days in advance. In accordance with operations schedules, customs shall send personnel to supervise international mail bags and check incoming and outgoing international mail and packages. If delivery has been delayed because they fail to show up on time, the responsibilities of the delay shall be borne by customs.

When customs check international mail bags according to law, senders or addressees and customs should check them together in places where there are customs services. In case senders or addressees cannot attend, customs shall open and check packages with the assistance of postal workers. For those packages that have been opened and checked, customs and the postal enterprise shall reseal them and affix their sealing strips and stamps. Customs shall reseal and put sealing strips and stamps on printed materials which they have opened and checked according to law.

Article 49. Users mailing articles subject to health and animal or plant quarantine clearance should attach the quarantine certificates. Quarantine departments should examine and release the article as soon as possible to ensure that they are delivered within the time limit.

Article 50. In lawfully inspecting and examining international mail-delivered articles or postal items requiring quarantine clearance, customs and quarantine departments should exercise due care. In cases requiring sealed safekeeping, they should, in addition to sending notices to the senders or addressees, complete the formalities

with the postal enterprise or its branch office for taking over and holding such articles under custody with full responsibility. The period of sealed safekeeping shall not exceed 45 days. In special cases where longer sealed safekeeping time is justified, the customs and quarantine departments should seek the consent of the postal enterprise, or its branch office, and the addressees, and should see to it that the articles under sealed safekeeping are not damaged or lost. When international mail-delivered articles and postal items are returned to the postal enterprise or its branch office, postal workers should conduct a proper check before acceptance.

In lawfully confiscating international mail-delivered articles or destroying postal items at the instructions of health or animal or plant quarantine authorities, customs and quarantine departments should furnish documents for confiscation or quarantine disposal and promptly notify the senders or addressees and the postal enterprise or its branch office.

The customs or quarantine department should be responsible for compensating or taking care of any losses, shortages, and damages to international mail-delivered articles incurred in the course of lawful inspection and examination or sealed safekeeping.

Article 51. Where space and premises of the postal enterprise or its branch office are required to facilitate the lawful inspection and examination of mail-delivered articles or quarantine of postal items, the postal enterprise and the relevant departments should resolve the matter by consultations according to work necessity and practicality.

Article 52. The customs departments should pay postal expenses pertaining to undelivered incoming international mail parcels, which have been lawfully handled by the departments.

Article 53. The General Administration of Customs shall consult with the Posts and Telecommunications Ministry about the form for delivering customs papers for outgoing international mails.

## Chapter VII. Penalty

Article 54. Violations of the provisions of Article 11 of these rules shall be punished by relevant departments in accordance with state laws and the seriousness of the cases. Violations of relevant public security regulations should be punished by public security organs in accordance with the "Regulations on Administration and Punishment in Public Security of the People's Republic of China."

Article 55. Violations of the provisions of Section Three of Article 33 of these rules without serious consequences shall be handled by public security organs in accordance with the "Regulations on Administration and Punishment in Public Security of the People's Republic of China."

Article 56. Forging or using fake articles used exclusively by the postal administration, such as postal insignia,



postal uniforms, postal marks, postal folders and pin-cers, and postal bags, shall be punished by the posts and telecommunications offices or their authorized units with a fine not exceeding 1,500 yuan; and the articles in questions shall be confiscated.

Article 57. Forgery of postal receipts, unauthorized reprint of stamp replica, and printing of postcards bearing the characters "Chinese People's Postal Service" shall be punished by the posts and telecommunications offices or their authorized units with a fine not exceeding 5,000 yuan; illegal income and articles shall be confiscated.

Postal enterprises and their branch offices shall reject users who deliberately use unauthorized postal receipts for sending postal items and shall notify the senders to withdraw the articles within a prescribed time limit. The senders shall be given a fine 10 times the required postage. In the event that senders cannot be reached or fail to withdraw items within the time limit, the items in question shall be handled as undelivered mail.

Article 58. In cases involving postal workers hiding, destroying, opening without approval, and stealing postal articles and embezzling or faking their identity in cashing funds of users, postal enterprises shall retrieve the lost funds and articles. The postal enterprises may impose fines on and take disciplinary actions against such workers, depending on the seriousness of the case. Specific measures shall be set by the Posts and Telecommunications Ministry.

Article 59. Violations of the provision in Section Two of Article 41 shall be investigated for liabilities under the provisions of Article 36 of the Postal Law.

Article 60. Violations of the provisions of these rules that constitute a crime shall be investigated by the judicial organs for criminal liabilities according to laws.

Article 61. Cases involving receiving and opening by mistake other's letters and failing to return them, or returning the letters but divulging the contents and thus violating the others' freedom and right of correspondence, shall be investigated for liabilities under Article 36 of this rules.

#### Chapter VIII. Appendix

Article 62. Public security organs, state security organs, and procuratorial organs mentioned in these rules are referred to public security organs, state security organs, and procuratorial organs above the county level (and including the county level).

Article 63. The Posts and Telecommunications Ministry may formulate relevant regulations in accordance with these rules.

Article 64. The Posts and Telecommunications Ministry is responsible for interpreting these rules.

Article 65. These rules shall take effect on the date of promulgation.

#### Minority Population Figures From Census Viewed

HK2811121190 Beijing RENMIN RIBAO in Chinese  
16 Nov 90 p 3

[Article by Min Zhengren (7044 2398 0088): "Improve Population Quality, Promote Common Prosperity of All Nationalities: What the Communiqué on the Fourth National Census Shows"]

[Text] The investigation and registration work in the fourth national census has been successfully completed, and the census has been proved very fruitful and has been a focus of world attention. In the national census, the registration and summation of the population of each of the 56 nationalities in our country provided important data for finding out the concrete conditions of various nationalities and analyzing their characteristics. This was a census with Chinese characteristics. It gave expression to the nationality equality and nationality unity policy of the party and the state, reflected the love of the people of all nationalities for the party and the socialist system, increased the rallying and centripetal force among the people of all nationalities toward the motherland, and reinforced the factors for safeguarding the motherland's unification and the stability and unity in the minority areas.

The across-the-board survey of the population of every nationality in our country provided reliable data for the formulation of realistic and scientific plans for economic and social development in minority areas and for the formulation of policies related to population, education, cultural development, and employment in those areas. This will certainly give a great impetus to the process of socialist modernization in the minority areas and greatly promote the prosperity and development of all nationalities.

The fourth national census showed that the population of minority nationalities in our country had reached 91.2 million people, accounting for 8.04 percent of the total national population. As compared with the results of the third national census, the population of minority nationalities increased by 23.9 million people or 35.52 percent. The population growth rates of various minority nationalities were low or even negative before liberation and were still rather low in the early years of the PRC, but they have now risen to a high level. The death rates of the minority nationalities have also declined by a big margin. This shows that the economic, cultural, education, medical, and health conditions in the minority areas have been substantially improved. In the period between the first national census in 1953 and the second national census in 1964, the population growth rate of the minority nationalities was lower than that of the Han nationality; in the period between 1964 and 1982, when the third national census was held, the population growth rate of the minority nationalities was slightly higher than that of the Han nationality; while in the period between 1982 and 1990, the population growth rate of the minority nationalities was immensely higher than that of the Han nationality. On the one hand, this was because the natural growth of population among the

minority nationalities was rather fast. So far, family planning has been carried out among the minority nationalities in order that the population growth of the minority nationalities can be brought under control. The childbearing policy for the minority nationalities is not, however, as stringent as that for Han people due to the special conditions of various minority nationalities. So the natural growth rate of population among the minority nationalities is slightly higher than that of the Han nationality. On the other hand, a large number of people changed their nationality identity in recent years, and this also led to the sharp increase in the population of the minority nationalities. After the Third Plenary Session of the 11th CPC Central Committee, the party restored, reiterated, and formulated various nationality policies, which gave better expression to the principle of equality among all nationalities regardless of their population size. The nationality policies enabled the minority areas to obtain more self-determining power and more financial and material assistance in the economic, cultural, educational, medical, and public health fields and also offered more favorable terms to people of minority nationalities with regard to school enrollment, employment, and childbearing, thus increasing their sense of equality and self-esteem. Against this background, some people of minority origin who had registered themselves as Han for various reasons now changed their nationality identity. In some cases, Han people were married to minority nationality people and registered their children as Han in the past, but some of these children of mixed blood have now changed their nationality identity to those of minorities. As a result, the populations of some minority nationalities, such as Man, Tujia, Gelao, Xibo, Russia, and Hezhe, increased rather rapidly. In most cases, changes of nationality identity are the result of the implementation of the nationality policies, so they are reasonable and in keeping with the facts.

The demographic data of the minority nationalities show that family planning, as a basic national policy in our country, has taken root among the people of minority nationalities. The work of controlling the quantity and improving the quality of population has achieved positive results in the minority communities. For example, the population growth rate of the Korean nationality is lower than the national average and also lower than that of the Han nationality; and the population growth rate of the Naxi Nationality is close to the national average. In short, governments at various levels have paid attention to the population growth among the minority nationalities. The population growth rates of many minority nationalities are still too high, however, and the work of promoting family planning in minority areas has yet to be further reinforced and improved. The propaganda and educational work aimed at helping people understand the significance of the population issue and the per capita figures must not be taken lightly. As we know, the natural and geographic conditions and the population balance conditions in the minority areas in our country have changed. The interior areas inhabited by minority

nationalities have long since become "densely populated." Although the vast remote and border areas inhabited by minority nationalities are still "sparsely populated" as there are deserts and barren plateaus, the density of population in some oases with better ecological conditions has been continuously increasing. So it is very necessary to promote family planning and improve population quality in minority areas, and to keep the population growth there under planned control in order to ensure sustained social and economic development in those areas.

Promoting family planning is a matter concerning civilization and progress. The fundamental guarantee for the motherland's prosperity and the nation's progress lies in the enhancement of the population quality of all nationalities, the economic, cultural, and technological development of all nationalities, and universal education among all nationalities. Therefore, we should more effectively carry out and improve the population policy for minority nationalities in light of their actual conditions, prevent the arbitrary imposition of uniform standards on different nationalities and different areas, improve medical services and health care for women and children in minority areas, and promote the comprehensive development and common prosperity of all nationalities.

#### Article Urges Social Security for the Elderly

HK2311010990 Beijing RENMIN RIBAO in Chinese  
11 Nov 90 p 5

[Article by Wu Guang (0702 0342), Ha Xiaosi (0761 2556 2448), and Dai Chunhua (2071 2504 5478): "China: 22 Million"]

[Text] From the year 2000, China will be made up predominantly of old people; big cities like Shanghai, Beijing, and Guangzhou already have an old population.

At present the population of retired workers tops 22 million, four times the population of Denmark and five times that of Norway. Forecasts show that in the coming decade this figure will near 40 million, and in another 30 years the figure will double.

In 1989 national expenditure for retirement amounted to 37.5 billion yuan, five times the total investment of the 300,000-ton Yangzi Ethylene Project or the equivalent to 15 Asian Games budgeted investments, accounting for almost one seventh of the 1989 state financial revenue. In the coming decades the expenditure will grow by the dozens.

The aging trend and security for the elderly, as important issues for the state, society, family and individuals, will directly affect every Chinese citizen who has not yet made full mental as well as material preparations.

Twenty-two million is a grim and unavoidable figure in modern Chinese development.

I.

Father your own father as well as other old people: this is a traditional virtue that makes the Chinese nation proud. In the old China of low productive forces, however, apart from some isolated insurance protection by government enterprises such as telecommunications and post, customs, a few foreign firms, and national capitalist enterprises, there was virtually no social security.

The appearance of the "Rules on Labor Insurance" booklet in 1951 marked the beginning of social security in New China. There were only 20,000 retired workers across the country at that time. During the "Cultural Revolution" turmoil, the central arrangement of enterprise workers' retirement pensions under the charge of the All-China Federation of Trade Unions unfortunately suffered an untimely death. Pensions for the elderly were then paid by enterprises. For elderly care this was a big regression from social security to "enterprise insurance." Since then, enterprises with a rapidly increasing number of retired workers have been struggling to survive under the burden of caring for the elderly. There are countless number of such enterprises...

The No. Six Dalian Integrated Repair Factory, a small plant in Shahequ, has 99 workers and 445 retired workers, the ratio being 99:445. The plant has an annual profit of 200,000 yuan or so but annual retirement pension expenditure is as high as 370,000 yuan. Retirement pension arrears and various subsidies over the last 10 years have reached 340,000 yuan. Although for the last 17 years plant managers have come and gone like a rolling lantern, none came up with any effective cure for this enterprise.

Listen to the homely rumbles of Ding Lirong, a retired female worker of the No. Six Factory:

I retired in 1982. My husband was a model laborer at Da Steel (Dalian Steel Plant) who died of cancer at 47, leaving me to care for four children. In my first year of retirement the plant managed to provide 30 yuan a month, but it was reduced to 20 in the second year, and highly irregular at that. On payday I would be worried about catching sight of the words "pay delayed" on the small blackboard hung on the plant's gate. At that time, when it was payday the plant manager and party secretary would hide themselves, and it would be no matter how anxious you were. A few times, my friends each contributed three yuan so they could undertake the journey to lodge complaints. I also contributed...

Why is the plant so poor? Workers have been discussing this.

"Each of us here must support four to five retired workers. Who can manage that?" said incumbent workers.

"We laid the foundations for the plant. Exactly who is supporting who?" said retired workers.

There are a great number of enterprises similar to the No. Six Dalian Repair Factory!

In the 1980's a large number of elderly workers who were among the active labor force in the early country-founding period have entered retirement age, which has resulted in an ever sharper contradiction between new and old enterprises, with the former having incredibly light retirement pension obligations and incredibly heavy ones for the latter. In traditional industries such as textiles, grain, salt and transportation, retirement expenditure accounts for well over 50 percent of total wages; and in some industries it is even larger. But in new industries such as electronics, mechanical and chemical industries, expenditure accounts for less than 5 percent of the total wage. In some there is not even a single retired worker. At present it is an "everybody for himself" situation for enterprises. But the problems for different enterprises vary. An increasing number of enterprises are finding the burden harder to bear.

In a small-peasant economy characterized by individual households, the family bears all the risks and responsibilities of care for the elderly. In the formation of socialized and large-scale production, the extent to which the labor force is socialized, as well as the extent to which risks are socialized, is increasingly higher, however, with the result that increasing responsibility will have to be borne by society....

In 1984 the State Ministries of Labor and Personnel were entrusted by the State Council with the job of establishing, as an experiment, a social, centralized retirement pension scheme for enterprise workers in Dongguan City and Jiangmen City of Guangdong Province, and Zigong City of Sichuan Province.

A centralized scheme is the social management of care for the elderly in which the state levies a certain proportion of an enterprise's total wage amount as retirement and the elderly pension funds, and, after overall adjustment, returns the money to the enterprise, the amount depending on its need in actual retirement funds. This represents a specific application of the law of aggregate amounts to social security. The centralized scheme turns an enterprise's responsibility into a social one and lets society protect the livelihood of retired workers.

In October 1987 the moribund No. Six Dalian Integrated Repair Factory joined Dalian City's social centralized worker retirement pension scheme. By the end of 1989 it had received 310,000 or so yuan. In the first three months of this year the No. Six Dalian Factory paid 6,400 yuan as the fund for the centralized scheme, but obtained close to 80,000 yuan for actual retirement pension expenditure from the social security management office through its adjustment program. The enterprise was relieved of its burden and able to fulfill the state regulation and add for all retired workers a retirement pension program with a wage differentiation. The eyebrows of the No. Six Dailian Factory's workers no longer knitted together. Those old women who used to



lodge complaints all year round are now eager to praise the elderly insurance. A number of them even went on television. Last winter the factory issued a heating allowance to retired workers for the first time. That day Ding Lirong and a few of her friends said in tears: "Thanks to the party for the government-run elderly insurance!"

A silk banner with the inscription "Social insurance benefits both the country and the people" was given by the retired workers of the No. Six Dalian Factory to the Dalian City Social Insurance Management Office and is today still hung in the conference room of the office. The past along with the present experience of the No. Six Dalian Factory is a concrete example and a model of the protective functions of the social insurance system which revives enterprises and enhance their vitality.

After six years this undertaking, showing great prospects, is sprouting across the nation and has acquired a rudimentary shape.

According to the data provided by the Ministry of Labor, there are presently 50 million active workers and 9 million or so retired workers in state-run enterprises across the country that have joined the social centralized retirement pension scheme. Social insurance management offices annually adjust, transfer and pay 10 billion yuan in retirement pensions. Across the country over 1,000 cities and counties have launched the social centralized retirement pension scheme for collective enterprise workers; 12 million workers of contracted labor system have joined the insurance program for the elderly; over 2,700 social insurance management offices have been set up at various levels of labor departments, with over 20,000 cadres specially charged with social insurance.

## II.

By the end of 1989 China's economy was facing a grim situation amidst the rectification: Tight money supply, a weak market, falling industrial production rate, and complete or semi-production halt in some enterprises.

What about the livelihood of retired workers?

Early in the year, Dandong, China's largest border city, ranked first in the province in economic growth rate and economic returns but plummeted to the last on the list by the end of the year.

Since June, Dandong No. Four Silk Factory has halted part of its production lines pending the arrival of materials. At its worst over 800 workers, more than one third the factory's total workers, ceased work and stayed home. Cessation of work means wage reductions, starting with the factory leadership and without exceptions. Fortunately the factory had joined the social centralized scheme. The city social insurance department allocated 300,000 yuan to the factory and the 1,000 or so retired workers all received their retirement pensions in full.

The famous Peacock watch-maker, the Liaoning Watch Factory, had always been the client unit of the city centralized scheme which contributed more than it claimed. Last year it found itself in difficulty: It needed at least 6 million yuan in monthly circulating funds—the so-called "operation money"—but it was penniless, while thousands of mouths were gaping for food. It had managed to pay the January, February, and March wages with loans; but since January none of the factory's workers has been reimbursed for medical expenditure.

Unexpectedly the social insurance management office approached the factory and announced that it could delay the centralized scheme payment; the office would still pay for its workers' retirement pensions. This indeed is sending charcoals amid a blizzard.

At a State Council meeting the Minister of Labor reported: So far all of the 9 million retired workers who have joined the centralized scheme, whether in enterprises with a large number of retired workers or in those in complete- or semi-product halt, have been able to receive full retirement pensions according to the terms.

Social insurance plays the role of protecting livelihoods and maintaining confidence in times of economic fluctuations and when unconquerable natural disasters strike.

The livelihood of over 4,000 retired workers immediately became a problem when 230 enterprises, members of a centralized retirement pension scheme, were damaged to various extents in an earthquake in Gengma and Lancang of Yunnan in 1988. The problem was relieved when the social insurance management office there allocated 380,000 yuan to these victims through adjustment.

In the mid-summer of 1989, 200 or so enterprises were swamped in an extremely serious flood in Jinhua Prefecture in Zhejiang. The enterprises were all members of a centralized scheme, and the social insurance management office reduced or waived the disaster-hit enterprises by 200,000 yuan. Moreover, the office helped these enterprises and retired workers further by allocating close to 100,000 yuan to them for retirement pension expenditure. That was the second time it had done so in two years.

## III.

The socialization of insurance causes a redistribution of interests between enterprises and the rest of the social members. As such it will unavoidably create various economic, moral, and conceptual conflicts.

Enterprises which have benefited from the scheme will of course shower it with praise. Some which do not have as many items covered by the scheme will complain of not getting a sufficiently large share to "quench the thirst."

But other enterprises will have different views. Some will complain profusely for taking up yet one more burden,



describing this as "killing the rich to save the poor" and "egalitarianism." Some enterprises have even refused to pay the centralized funds.

The problems resulting from the imperfections of the social insurance system are thrown into ever sharper relief. Dandong City Social Insurance Management Office is agonizing over the deficits on the centralized funds accounts. Even in Guangzhou, a relatively developed city, the Social Insurance Management Office has had "a hard time collecting the money." There is only one way out—we must enlarge the extent to which insurance for the elderly is socialized, that is raising the insurance scheme from the city and county levels to the provincial level.

Legislation represents another serious problem. Insurance for the elderly has been restored for six years, involving over 93 percent of the cities and counties. Yet to date there has not appeared anything resembling national rules and regulations, making it difficult to raise the extent of socialization.

People can see more clearly that social insurance is a complicated systematic project and problems that remain to be solved are many-sided:

Social insurance must be brought under national economic and social development plans;

We must build a complete social insurance system; the unemployment insurance terms fashioned during reform still await perfection; and reform in medical and industrial injury insurances is still in an experimental stage.

In terms of insurance for the elderly alone, the area covered by this type of insurance still has to be extended. Of the 22 million retired workers, a certain part of them, who belong to the collective enterprises, have yet to join the scheme. There are another 4.6 million government workers whose retirement pensions remain under the charge of the state.

Along with economic development and social progress, the problem of supporting the lives of tens of millions of Chinese peasants will be a wide area awaiting investigation.

#### **Philosopher, Professor Feng Youlan Dies**

OW2711110490 Beijing XINHUA in English  
0921 GMT 27 Nov 90

[Text] Beijing, November 27 (XINHUA)—Feng Youlan, a well-known philosopher and professor of Beijing University, died of illness at 8:45 pm on November 26, 1990, at the age of 95.

Feng Youlan was also a noted educationist and patriotic personage. He was a member of the National Committee of the Second, Third and Fourth Chinese People's Political Consultative Conference (CPPCC) and a member of the Standing Committee of the Fifth, Sixth and Seventh CPPCC National Committee.

He was also a deputy to the Fourth National People's Congress and a member of the former Division of Philosophy and Social Sciences under the Chinese Academy of Sciences.

Feng Youlan was a member of the China Democratic League.

Born in Tanghe County, Henan Province, Feng Youlan was awarded a doctorate at the Columbia University in 1923. He had then been engaged in teaching and research work on philosophy and the Chinese history of philosophy in Guangdong University, Yenching University, Qinghua University and Southwest Associated University. He was once president of the Literature College under the Southwest Associated University and Qinghua University.

His academic achievements had great influences both at home and abroad. He had helped train many philosophers for China.

During his life time, Feng Youlan made great contributions to the promotion of Sino-foreign cultural exchanges.

### **Military**

#### **Beijing Regional Commander Inspects Training**

OW2811151490 Beijing Domestic Service  
in Mandarin 2230 GMT 27 Nov 90

[From the "News and Press Review" program]

[Text] This year, leaders and organs of the Beijing Military Region changed the usual practice of only listening to the reports of subordinates in the year-end evaluation work. They went deep among the military units and carried out field evaluation work. They insisted on raising the combativeness of the military units and on consolidating the results of military training.

On 16 November, Commander Wang Chenbin and Political Commissar Zhang Gong of the Beijing Military Region, together with personnel from military organs, visited a training ground of a certain military group. They evaluated the training at this unit in accordance with this year's new training rules. Not only officers and men but also units and organs were evaluated. The field evaluation not only checked the overall combat capability of the army units but also serves as a guide for next year's training. These are the first methods adopted for military training and for year-end evaluation in recent years. According to a decision of the party committee of the Beijing Military Region, the military region will adopt such methods in future year-end evaluation work for all its military units.

#### **Better Ideological Work in Military Urged**

HK2811140790 Beijing JIEFANGJUN BAO in Chinese  
6 Nov 90 p 3

[Article by Gong Pingqiu (7895 1627 4428): "Attend to Ideological Work With Heightened Awareness"]

[Text] Since leading comrades of the Central Military Commission called for attaching great importance to ideological work and applying a high standard to such work, party committees and leaderships at various levels have attached great importance and the work is closely being attended. In some units and for some comrades the understanding is still, however, vague. Only by eliminating vague understanding and heightening awareness can the call by leading Military Commission comrades of grasping ideological work and applying a high standard to the work be put into real effect.

**The Concepts of "Growing Accustomed to Unreasonable Things, and Being Desensitized and Brutalized" Must Be Overcome**

A certain number of comrades do not understand sufficiently and clearly the seriousness of the current struggle in the ideological field, nor have sufficiently high alertness against certain ideological views which may easily corrupt people's minds, nor have in place sufficiently strong preventive and defensive measures, with the result that some of these people succumb to the influence of these corrupt ideologies, and their political faith wavers. In some units there has occurred certain illegal and discipline-violating behavior. Although these ideas of growing accustomed to unreasonable things and to being desensitized and brutalized are not widespread, they are direct obstacles to our launching an effective struggle against infiltration and corruption. We should be able to perceive clearly that the basic goals of the "peaceful evolution" strategy promoted by the international monopolistic capitalist class are to topple the communist party's leadership and to eliminate the socialist system. Especially following our country's practice of reform and opening up to the outside world, they have stepped up the pace of infiltrating and corrupting us. This, plus the ideological flood of bourgeois liberalization in the previous period, led to the turmoil and counterrevolutionary rebellion between last spring and summer, which inflicted heavy losses on the party and the state. Since the quelling of the rebellion, hostile forces have resorted to economic sanctions and various subversive activities against our country; and on the other hand to even more covert means with which to effect all-around infiltration and corruption of various areas in our social life, focusing on the ideological area, all under the declaration that they would wage "a war without smoke of gunpowder." They preach bourgeois "democracy, freedom and human rights" and a corrupt philosophy of life, value concepts and lifestyles, and denigrate Marxist theory in an attempt to destroy people's spiritual support and political faith. After summing up the so-called lessons of the failure of the so-called "democratic movement," they have gone further and directed their efforts at infiltration and corruption toward the Army, attempting to find a breach in it. For precisely this reason, at no time can we neglect the anti-infiltration and anti-corruption struggle in the ideological field; and we must apply high standards to ideological work. If we lower our guard and become careless, or even grow accustomed to unreasonable

things and to being desensitized and brutalized, and allow bourgeois political theoretical views and corrupt ideological culture, it will jeopardize cadres' and soldiers' healthy growth and the consolidation and improvement of troops' combat power; and by then we will have committed mistakes of a historical dimension.

**The Concept That "Corruption Is Hard To Avoid and There Is Nothing One Can Do" Must Be Overcome**

Some comrades feel that, since now is a period of reform and opening up and since troops do not live in a "vacuum," it is unavoidable that troops will be affected by bourgeois thinking and lifestyle and be corrupted. This explains the sense of impotence and the feeling that one can do nothing about it when trying to do one's job. Of course, with the launching of reform and opening up, some of the negative social phenomena are bound to affect troops. But this does not mean that it cannot be prevented or resisted. The key still lies with how we go about our job. Here first and foremost is a strong motivation to take over the field. Comrade Mao Zedong pointed out long ago: If the proletarian class does not take over the ideological field the bourgeoisie will. This holds true for man's mind, which will absorb negative things if not occupied by positive ones. Only by occupying the ideological front with Marxism can we strengthen our immune systems and resistance against bourgeois liberalization thinking and its corrupt lifestyle. We must not passively guard against the infiltration and corruption by hostile forces in the ideological field, much less can we take no action. As pointed out by Comrade Jiang Zemin, we must take the initiative to wage an offensive war. Special zones, as a window for our country's opening up to the outside world, have always been one of the key areas for domestic and foreign hostile forces' activities. As such these zones are among the first to feel the impact of foreign influences and negative social phenomena. They are at the forefront of the anti-infiltration and anti-corruption struggle. Therefore we should take special zones as the window for displaying the fruits of reform and opening up and the front position against infiltration and corruption. As long as we take over and consolidate the ideological and cultural positions with Marxism and Mao Zedong Thought, improve our internal environment, plug the channels through which the bourgeoisie infiltrate and corrupt with their corrupt thinking, the hostile forces will find no opportunities or loopholes or weaknesses to infiltrate and corrupt us. The firm collective experience and events of a shipping squadron of one of our military subdistricts which "cannot be lured out, crashed into, or broken through" fully testifies to this point. The ideas which show insufficient confidence in ideological work and which are not prepared to do anything are without any grounds.

**The Concept of "Treating the Symptoms but Not the Disease" Must Be Overcome**

Some comrades have managed to grasp the anti-infiltration and anti-corruption work, but have done it in

the manner of treating the symptoms but not the disease, with the result that trouble keeps popping up; no sooner do they take care of one problem than another appears. We must understand that the hostile forces' infiltration and corruption take place in various political, economic, ideological, cultural and social areas and aspects. If there are no fundamental measures apart from temporary makeshift ones, it can only result in a passive situation where one end is taken up at the expense of another and everything is in disarray. We learn from our work that the key lies in strengthening political and ideological work and raising the troops' Marxist theoretical level with which to fundamentally enhance officers' and men's immune capabilities. Marxist theory is the central spirit in command of all ideological fields and having important influence and a guiding role for people's political faith, value orientation and behavioral norms. Every ideological confusion, political wavering and corruption in daily life can be traced to its origins in some kind of theory. Therefore we should, based on the Marxist view that revolutionary theory needs to be "inculcated," vigorously grasp troops' study of Marxist theory; consolidate the theoretical base against infiltration and corruption; educate officers and soldiers in relating theory to practice; and combine the study of basic Marxist theory with adherence to the four cardinal principles, opposing bourgeois liberalization, and transforming one's world outlook; and must foster a correct outlook on life, values, and morality. A solid theoretical foundation will be much like a healthy body against which contagious diseases are powerless: Corrupt thoughts will be unable to erode us. This way, even in a complicated situation, we will be able to "steadfastly stand our ground" even though "the foe encircles us thousands strong"; and stand forever undefeated.

#### **Logistics Theoretical, Policy Study Stressed**

HK2811144890 Beijing JIEFANGJUN BAO in Chinese  
2 Nov 90 p 3

[Article by Li Lun (2621 0243): "Attach Importance to and Study Actual Conditions—My Views on Raising the Level of Theoretical and Policy Study of Our Army's Logistics Management"]

[Text] We are currently confronting a series of problems awaiting solutions in improving and augmenting logistics management. In resolving problems, it is imperative to earnestly study the actual conditions of China and its Army. Satisfactory results can hardly be scored by deviating from studying the actual conditions or by simply copying foreign armies' experiences in logistics management or local enterprises' managerial experiences. By deviating from studying the actual conditions, we cannot do a good job in handling the relationship between carrying on traditions and blazing new trails.

In paying attention to and studying the actual conditions, it is first necessary to fully take into account the effects of the objective environmental factors on our Army's logistics management.

Logistics management, as the Army's economic work and a component part of the entire army management, will inevitably come under the effects of social, political, and economic life as well as the Army's military and political work. Therefore, in studying the matter of logistics management, it is imperative to fully take into account the environmental factors; in improving the ways of resolving problems, it is imperative to make them compatible with the objective environment.

From the angle of the objective environmental restrictive factors, we must properly handle the relationship between "what to do," "what are the probabilities in a solution," and "the only solution" in logistics management, while unifying subjective wishes with objective realities. For example, it is neither possible to conduct a major readjustment of our Army's organizational structure nor increase military expenditures by a wide margin. Under such circumstances, we should never ignore the restrictions of the objective environment and existing conditions in setting forth the goal, channels, and measures of implementation in the reform of logistics management.

We must point out the emphasis on making the study of logistics management compatible with the objective environment aims to give better play to the subjective initiative of all aspects. In actuality, we have not paid too much attention to objective environmental restrictions. For example, under the condition by which it is rather difficult to upgrade supply standards by a wide margin because of a shortage in military expenditures, while there is need to reform the supporting service system when immediate changes are out of the question, our implementation of the experiment in regional support with "rendering three services" [san dai 0005 0108] as the main contents is an active and positive choice. The basic goal of supporting service reform is to cut back waste in existing repeated construction, circuitous transportation, and overlapping support. True, a structural solution can be the most direct and effective, but that will be infeasible under the present circumstances. Therefore, based on the principle of mutual benefit and supplementation, through rendering supply, medical, and repair services, cutting back waste resulting from structural causes will likewise improve results of support. This illustrates that when the goal is one, the choices of the mean can be multiple. As long as we give full play to subjective initiative, it is possible for us to have much to accomplish in logistics management under various restrictions.

We should not rest with answering questions in a principled and abstract way in paying attention to, and studying the actual conditions, but seek the law governing logistics management, and do our best to improve the workability of our study's results, the military economic results, and the supporting capability of logistics to the maximum. This requires genuine workability of our study's results. This being the case, we must establish a principle in the theoretical and policy study of our Army's logistics management. While setting forth every



set of managerial theories, measures, patterns, or mechanisms, we must do our best to present correspondent measures for its implementation, making it work in operation. For example, while stressing scientific decision-making in management, a set of rather scientific decision-making procedures should be set forth; while stressing the concept of results, we should design an index system and specific methods for examining results; while stressing improvement of grass-roots logistics management, we should formulate a set of concise and feasible institutions and measures, and so forth.

One of the important channels for improving the workability of our study's results is to stress the study and application of quantitative analysis while attaching importance to the study of the actual conditions. Marx said: "Every branch of science is genuinely complete and perfect only when mathematics is successfully applied to it." That is a profound truth. For example, to improve the effects of military spending, we proposed the need of appropriately reducing scope to save expenditures and spending only on the maintenance and construction of key projects. But to what extent? And how? The answer must be based on detailed quantitative analysis, starting from the whole situation and long-term interest. The relative relationship between our Army's scope, logistics supporting organs, installation, and equipment is the objective grounds for making the decision on how to reduce the scope. Only by doing a good job of the calculation and analysis in this arena, the macroscopic decision-making on reducing the scope can be scientific, while the plan will possess rather strong workability.

In short, paying attention to and studying the actual conditions is the important channel to upgrade the value of study in logistics management and to endow greater vitality to the study's results. Only then, will it be possible for the study in logistics management to score substantial progress and to raise the level of theoretical and policy study of our Army's logistics management.

### **PLA Makes Breakthrough in Antitank Mine Test**

*HK2811133090 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 13 Nov 90 p 1*

[Report by Liang Jianwei (2733 0256 5898): "China Makes a Breakthrough in Antitank Mine Test"]

[Text] The project of "research in the simulation method for antitank mine power test" recently passed the quality inspection at the engineer corps' weapon-testing ground.

This project was undertaken and accomplished by the No. 2 Research Center of the Engineer Corps under the General Staff Headquarters. All the experts taking part in the quality inspection unanimously agreed that this project not only meets the Chinese Army's urgent need in antitank mine power testing, but its results can also be applied to the power testing for other types of mines and bombs, as well as to the assessment of the wearability of different kinds of armor. The success of this project

ranks China among the world's advanced countries in terms of the simulation and standardization of mine power testing.

The power of antitank mines means the capability of mines to destroy tanks and other armored objects. It is a decisive index for measuring antitank mines' quality. For a long time the method of exploding real tanks with real mines has been widely used at home and abroad to evaluate antitank mines' destructive power against armored objects. This traditional testing method has many insurmountable disadvantages. With this method, one can only measure very roughly the destruction effect with "eyes and hands," and this can never lead to any accurate quantitative conclusion. What is more, because of the high cost of this kind of test, every project usually can allow only one test. Therefore, the experiment's data are highly random, and thus affects the accuracy of the test.

In early 1987, four young scientists at the No. 2 Research Center of the Engineer Corps, under the guidance of some veteran experimentalists, undertook this important project to develop a "simulation device for antitank mine power tests." They visited more than 30 research institutes, colleges, universities, and manufacturing plants, as well as some 100 experts throughout the country, and they collected hundreds of technical documents. Finally, they accomplished the first design of a target range [ba tai 7249 0669] for antitank mine power tests ever made in China; successfully solved eight major technical problems regarding the measurement of principal destruction factors of antitank mines, the target board equivalent simulation [mu biao ba ban deng xiao mo ni 4158 2871 7249 2647 4583 2400 2875 2362], comprehensive power quantitative computing, and so on; developed China's first target range for antitank mine power testing and an accessory high-precision quantitative analysis computing system, and thus put an end to the old practice of using real mines and real tanks in antitank mine tests.

### **Economic & Agricultural**

#### **Jiang Zemin Celebrates Shenzhen SEZ Anniversary**

##### **Praises Zone Achievements**

*HK2911095090 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 27 Nov 90*

[Excerpts] The Shenzhen City CPC Committee and government held a grand reception to celebrate the 10th founding anniversary of the Shenzhen Special Economic Zone at the Xiangmihu Holiday Resort this afternoon. [passage omitted]

Present at the reception were: State leaders Jiang Zemin, Tian Jiyun, Xi Zhongxun, Wen Jiabao, Geng Biao, Gu Mu, Wang Guangying; and provincial party Secretary Li Ruofu; Governor Ye Xuanping; Guangzhou Military



Region Commander Zhu Dunfa, Political Commissar Zhang Zhongxia; et al. [passage omitted]

A total of 500 guests, including public figures from Hong Kong and Macao, Taiwan compatriots, Overseas Chinese, and foreign friends, also attended the reception.

Li Hao, secretary of the Shenzhen City CPC Committee, gave a speech at the reception.

Jiang Zemin, secretary of the CPC Central Committee, delivered an important speech. He said: Comrades, on the occasion of our celebration of the 10th founding anniversary of the Shenzhen Special Economic Zone, I, on behalf of the CPC Central Committee and State Council, extend warm greetings to those comrades who have worked hard with originality for the construction of China's special economic zones and express warm welcome and sincere gratitude to all guests present and to compatriots in Hong Kong, Macao, and Taiwan, Overseas Chinese, and foreign friends who are concerned about and support China's reform and opening and socialist modernization and the construction and development of China's special economic zones. He highly appraised the achievements scored by Shenzhen Special Economic Zone. He said: Shenzhen and the other several special economic zones have given play to their important role as window and base in the development of our country's foreign trade, import of foreign capital and technology, expansion of economic cooperation, and exchanges with foreign countries. During the course of reform and opening up, they have also brought the role of a file leading soldier [pai tou bing 2226 7333 0365] into play. The achievements made by special economic zones have fully proved that the practice of establishing special economic zones is successful, and that the overall policy of reform and opening up to the outside world is entirely correct. This practice has deepened our understanding of building socialism with Chinese characteristics by combining theory with reality.

In conclusion, Jiang Zemin said: We can confidently hope that in 10 years, when the special economic zone marks its 20th founding anniversary, it will have created even greater achievements in socialist material civilization and spiritual civilization and will possess more vitality. Thank you all! [passage omitted]

#### Attends Theatrical Performance

OW2811165790 Beijing Television Service  
in Mandarin 1100 GMT 28 Nov 90

[From the "National News Hookup" program]

[Text] While Shenzhen City is happily celebrating the 10th anniversary of the establishment of this special economic zone, Jiang Zemin, general secretary of the CPC Central Committee, last night attended a song and dance performance entitled "Ode to Explorers," together with an audience of Shenzhen people. [Video opens with an outside view of the Great Shenzhen Theater, cuts to show Jiang Zemin walking to his seat in the theater]

The song and dance performance "Ode to Explorers" delineated the scene of this special economic zone, portrayed its characteristic features, and praised its bright future. [Video shows the performance on the stage with intercutting shots of the audience]

Also present on the occasion last night were Wen Jiabao, alternate member of the Secretariat and director of the General Office of the CPC Central Committee; Lin Ruo, secretary of the Guangdong Provincial Party Committee; Li Hao, secretary of the Shenzhen City Party Committee; Zheng Liangyu, mayor of Shenzhen City; as well as foreign diplomats in our country from Japan, Australia, the Soviet Union, France, the United States, and Poland.

After the performance, General Secretary Jiang Zemin and other leaders mounted the stage to shake hands with the performers as an expression of thanks. They also posed with the performers for photographs. [Video shows Jiang Zemin shaking hands with performers and posing with them for photographs]

#### Reportage on 10th Anniversary of Zhuhai SEZ

##### Jiang Attends Celebration Meeting

OW2811195090 Beijing XINHUA Domestic Service  
in Chinese 1431 GMT 28 Nov 90

[By reporters Chen Anming (7115 1489 2494), Cai Zhongzhi (5591 1813 2784), and Jiang Shunzhang (5592 7311 4545)]

[Text] Zhuhai, 28 Nov (XINHUA)—Decked with flowers and banners, the Zhuhai Special Economic Zone held grand celebrations this afternoon. Party and state leaders, along with Chinese and foreign guests and builders of this special economic zone, numbering some 10,000, gathered here to happily celebrate the 10th founding anniversary of the Zhuhai Special Economic Zone.

Among those attending the celebration meeting were Jiang Zemin, general secretary of the CPC Central Committee; Yang Shangkun, president of state; Tian Jiyun, member of the Political Bureau of the CPC Central Committee and vice premier of the State Council; Wen Jiabao, alternate member of the Secretariat of the CPC Central Committee; Yu Qiuli, Hu Qiaomu, and Geng Biao, members of the CPC Central Advisory Commission; and Gu Mu and Wang Guangying, vice chairmen of the National Committee of the Chinese People's Political Consultative Conference.

Congratulatory telegrams and letters were received from Comrade Deng Yingchao; Wang Zhen, vice president of state; and Xi Zhongxun, vice chairman of the National People's Congress.

Liang Guangda, secretary of the Zhuhai City CPC Committee and mayor of the city, extended a warm welcome to the visiting central leaders and guests on behalf of the party committee, the government, and the people of this

city. He said: Since its establishment, the Zhuhai Special Economic Zone traversed a 10-year course of hard exploration. During these 10 years, it carried out large-scale infrastructure and urban construction, brought into being a fairly favorable environment for investment, and created an initial form of the export-oriented economy characterized by all-around development with industry as the main sector. Its social productive forces developed quickly, while its economic strength was boosted to a great extent. Simultaneously with the rapid development of its economy, the special economic zone achieved great success in building the socialist spiritual civilization. The living standard of its people also improved remarkably. In short, an enormous historical change took place here, an economically backward frontier fishing town in old days.

Liang Guangda said: Zhuhai's drastic change during the last decade proved that the decision to establish special economic zones adopted by the State Council on the basis of Comrade Deng Xiaoping's proposal agrees with the will of the people, has popular support, and is entirely correct and successful. Through the actual practice of reform and opening to the outside world and from the change taking place in this special economic zone, the broad masses of people have deeply felt the superiority of the socialist system and thus reinforced their confidence in building socialism with Chinese characteristics. In the next 10 years, the people of the Zhuhai Special Economic Zone will inherit and carry forward the spirit of "cherishing the special economic zone, wishing to make reform, daring to blaze new trails, and competing to make contributions." They will strive hard and see to it that by the year 2000 they will achieve an average per-capita GNP equivalent to that of developed countries, play still better the role of the special economic zone as a window and a base, and make even greater contributions to the nation's four modernizations.

After the meeting, Jiang Zemin, Yang Shangkun, and other leading comrades watched a large-scale art parade with great interest. The parade consisted of more than 100 decorated vehicles, which exhibited the 10-year achievements in building the Zhuhai Special Economic Zone and the great accomplishments made by various professions and trades here.

Also present at the celebration meeting were Lin Ruo, secretary of the Guangdong Provincial CPC Committee; Ye Xuanping, governor of Guangdong; Zhu Dunfa and Zhang Zhongxian, commander and political commissar respectively of the Guangdong Military District; Zhou Nan, director of XINHUA's Hong Kong Branch; and Guo Dongbo, director of XINHUA's Macao Branch.

Others attending the celebration meeting included Wang Feng, Ren Zhongyi, Liu Tianfu, Zhou Jiannan, Zeng Sheng, Qiang Xiaochu as well as public figures from Hong Kong and Macao, including Huo Yingdong [Henry Ying Tung Fok] and Ma Wanqi [Ma Man Kei].

Prior to the celebration meeting, Jiang Zemin, Yang Shangkun, and Tian Jiyun met with Huo Yingdong and Ma Wanqi.

### Jiang, Others Attend Fete

HK2811121290 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 28 Nov 90

[Text] This afternoon the sunny skies of Zhuhai were bright and cloudless. Zhuhai Special Economic Zone [SEZ] held a celebration activity for its 10th anniversary in Jiuzhoucheng. The party and state leaders and Zhuhai City people celebrated together the 10th birthday of the SEZ.

At 1500 in the afternoon, CPC Central Committee General Secretary Jiang Zemin; CPC Central Committee Political Bureau member and President Yang Shangkun; CPC Central Committee Political Bureau member and State Council Vice Premier Tian Jiyun; CPC Central Committee Secretariat alternate member and Central Office Director Wen Jiabao; members of the Central Advisory Commission Standing Committee Yu Qiuli, Hu Qiaomu, and Geng Biao; Chinese People's Political Consultative Conference Vice Chairmen Gu Mu and Wang Guangying; Guangdong Provincial CPC Committee Secretary and provincial People's Congress Chairman Lin Ruo; Guangdong Provincial Governor Ye Xuanping; Guangzhou Military Region Commander Zhu Dunfa and Political Commissar Zhang Zhongxian; and other leaders appeared on the rostrum of Jiuzhoucheng. When they did, enthusiastic applause broke out inside and outside the town.

This year is the 10th anniversary of the Zhuhai SEZ. Comrade Deng Xiaoping has written, especially for this occasion, the inscription "The 10th anniversary of Zhuhai SEZ." Comrade Jiang Zemin also wrote an inscription for the occasion: "Summarize experiences, improve on the achievements, adhere to reform and opening up, and build a better Zhuhai SEZ."

Over the last 10 years Zhuhai has built up large-scale infrastructure and urban construction, thus achieving a preliminary foundation for an export-oriented SEZ with industry as the center and based on integrated development. A tremendous and historical change has occurred in a previously economically-outdated, small, remote town.

At the celebration ceremony, Zhuhai City CPC Committee Secretary and Mayor Liang Guangdai said confidently: The next decade for Zhuhai will be full of hope and bright prospects where much can be accomplished.

Finally, led by General Secretary Jiang Zemin, party, state, province, and city leaders and Zhuhai people watched the parade of a square-shaped contingent consisting of Zhuhai workers from various sectors and industries, folk art contingents, and colored floats.

### **Jiang Attends Reception**

OW2811160990 Beijing XINHUA in English  
1552 GMT 28 Nov 90

[Text] Zhuhai, November 28 (XINHUA)—The Zhuhai Special Economic Zone (SEZ) in south China's Guangdong Province celebrated its tenth anniversary today.

Jiang Zemin, general secretary of the Central Committee of Chinese Communist Party, Yang Shangkun, China's president and a number of other senior Chinese leaders attended the celebration ceremony.

Liang Guangda, the mayor and secretary of the municipal party committee, presented a speech during the celebration.

Liang said that in the past ten years the city has been able to provide a suitable environment for foreign investment by carrying out construction of its infrastructure. As a result an industry dominated and export oriented economic structure was formed basically in the city, and the productive forces developed quickly and the economic strength improved remarkably.

Liang said that as the economy improves the moral and cultural level of the people also improves.

Liang declared that the founding of SEZs, advocated by China's senior leader Deng Xiaoping and carried out by the party Central Committee and the State Council, is entirely correct and very successful.

He said that the policy of establishing SEZs has received popular support from the people of the country.

Liang predicted that by the year 2000 the city's average per capita GNP will reach the level of many average developed countries. He added that SEZs will continue to serve as a window to the world and a base for the country's economy.

### **'Unusual' Number of Leaders Seen**

HK2911014190 Hong Kong HONGKONG STANDARD  
in English 29 Nov 90 p 6

[By Cary Huang in Zhuhai]

[Text] An extraordinary number of central leaders from Beijing attended gala celebrations in Zhuhai yesterday to mark the 10th anniversary of the city's Special Economic Zone (SEZ).

The unprecedented presence of leaders in the city surprised local officials in neighbouring Shenzhen which was not "favoured" by so many leaders at its celebrations this week.

Leaders who came to Zhuhai but not Shenzhen included President Yang Shangkun and three members of the Standing Committee of the Central Advisory Commission of the Communist Party, Yu Qiuli, Hu Qiaomu and Geng Biao.

Party General-Secretary Jiang Zemin, Vice-Premier Tian Jiyun, party Secretariat member Wen Jiabao, Chinese People's Political Consultative Conference vice chairman Gu Mu, and party propaganda chief Wang Renzhi had participated in Tuesday's Shenzhen celebrations before travelling to Zhuhai yesterday.

Observers in Zhuhai said it was unusual for so many veteran leaders to attend the celebrations in Zhuhai but not Shenzhen.

Sources in Shenzhen said the presence in Zhuhai had outshone the success of Shenzhen's gala celebration.

"Shenzhen has played a more important role in the open-door policy. Why did more central leaders decide to go to Zhuhai?" one source asked.

Guangdong governor Ye Xuanping said the leaders' presence was an indication policies towards SEZs would not be changed. "The SEZs should be more open and developed," Mr Ye said.

Thirteen people from Hong Kong, Macao and overseas received awards yesterday for their contribution to the SEZs.

They included Hong Kong business tycoon Henry Fok Ying-tung and Macao businessman Ma Man-ki who were both members of the National People's Congress Standing Committee.

In a speech to more than 10,000 people in the centre of Zhuhai, Mayor and party secretary Liang Guangda pledged to quadruple the SEZ's gross industrial and agricultural product by 2000.

Zhuhai aimed to reach the per capita income of the medium developed countries by 2000, he said.

Speaking on the SEZ's role as China's window to the outside world and reform base, Mr Liang said this role would become even more conspicuous in the years to come.

### **Article Analyzes, Forecasts Economic Situation**

HK2711110190 Beijing JINGJI GUANLI in Chinese  
No 10, 5 Oct 90 pp 13-16

[Article by the General Office of the Institute of Economic Studies, State Planning Commission: "An Analysis of the Economic Situation of the First Half of the Year and a Forecast of the Trend of the Second Half"—discussion participants for this article were Wang Jian, Zhang Liquan, Liang Hua, and Lu Peng; recorded by Wang Yaping; edited by Liu Qichang]

[Text] How do we interpret the present economic situation and what will be the trend of economic development? Economic analysis and forecasts will have a great impact on the policy and implementation of rectification and reorganization for the second half-year and the formulation of the "Eighth Five-Year Plan." At present there are two schools of opinion regarding the economic situation. The first school thinks the national economy has already hit bottom and is now moving upward, the



industrial growth-rate is gradually going up, and prices have been stabilized. We may still encounter some difficulties, but we are rid of the dangerous elements that were threatening to our economic development. Therefore, we may stop rectifying and reorganizing for a while and take this auspicious moment to implement more reform. The other school agrees we have achieved our fundamental goal of rectification and reorganization and kept the overall amount of supply and demand under control. However, because the mechanism of structural adjustment has not started working, and because there is an undercurrent of economic conflict that remains to be solved, the situation regarding structural conflicts could deteriorate further and endanger the overall equilibrium. Therefore, we must continue to implement the policy of rectification and reorganization, control the overall amount of supply and demand accordingly, and pay more attention to structural adjustment.

We can back up the second school with some objective data and substantial analysis of the economic situation during the first half-year.

The economic situation of the first half-year has the following characteristics:

1. The major reason for the monthly increase of the industrial growth rate was the influx of demand from foreign trade. We may look at the monthly industrial output value. The combined output value of January and February was 0.9 percent lower than the same period last year. After March the rate slowly went up; in June the rate increased to 5.9 percent. As a result, the accumulated output value from January to June was 2.2 percent higher than in the same period last year. If we break down the value of industrial output according to ownership systems, we can see that the industrial output value of the people's ownership system during the first half-year was 0.5 percent, and of the collective ownership system, 0.8 percent. Both numbers were much lower than the average. The output value of industries that were export- or foreign trade-oriented increased 52.7 percent last year. During the same period this year their output value had another 39.7 percent increase added on to last year's buildup. This increase (10.41 billion yuan) was three-quarters of the overall increase of industrial output value (14.07 billion yuan). Hence, the overall value of industrial output grew 1.63 percent. We now study the amount of government purchases of industrial products. From January to May, the amount of industrial products purchased by the Ministry of Domestic Trade was 3.95 percent less than in the same period last year. Yet the amount of export-oriented products sold by industries and enterprises to the Foreign Trade Department was up 27.9 percent, a 9.85 billion yuan increase. This increase was nearly 70 percent of the total value of industrial output. This increase was much higher than the 4.1 percent growth rate of the total sales of industrial products this year. If we look at import and export conditions in foreign trade, we can see that the total amount of exports was 21.7 percent higher in the first half-year. (It was -2.3 percent for the same period last

year.) Export trade has been surging rapidly. This growth coincides with the trend of increasing industrial output value. A growing export trade combined with a suppression of imports resulted in a favorable trade balance, US\$2.56 billion worth of surplus value, and an increase of industrial output value during the first six months of the year.

2. Domestic demand has very little impact on the increase of industrial output value. To boost the demand for medium-term loans, large amounts of funds were available during March and June. The amount of circulating funds for industrial loans was 38.7 billion yuan more than last year. This 29.8 percent increase was the largest of its kind in recent years. However, the industrial growth rate—merely 2.2 percent—was the lowest. This was a big letdown, especially compared to the rate during same period of time in 1989 when the industrial output value increased 10.8 percent, and the amount of circulating funds for industrial loans increased 12.9 percent—almost a 1:1 ratio. We can look at the relationship between the amount of circulating funds for industrial loans and the increase of industrial output value. The amount of circulating funds needed for a one yuan increase of industrial output was 0.27 yuan during the first six months of 1989 but 2.75 yuan during the first six months of 1990, a ninefold increase. Although the industrial output value was increasing at a low speed, the amount of funds needed for production continued to rise due to the lack of domestic demand. It has been estimated that the amount of funds needed for industrial production and enterprises this year will be 18.8 billion yuan more than last year. More than half of the new loans offered by banks ended up paying for the production of overstocked products. The boosting of the demand for medium-term loans had some positive effects on the increase of industrial output value; but on the whole, this action did not reach its expected goal—to stimulate the economy.

As for the situation of long-term loans, during the first six months the amount of funds invested in the fixed assets of the people's ownership system was 4.7 percent more than the same period last year. This included a 5.4 percent increase in investment in capital construction and a 3.4 percent decrease in investment in reconstruction. Generally speaking, the increase of investment funds was offset by the high cost of the means of production. As a matter of fact, the amount of consumption of important materials such as wood, steel, and cement declined 15.4 percent, 10.1 percent, and 7.2 percent respectively. This year the stockpile of these materials is larger than last year. Because we hesitated to invest in capital construction, the demand for the means of production declined, and the growth rate of heavy industries gradually slowed down. At the beginning of this year, the government decided to raise the amount of investment in capital construction to 13 billion yuan. It turned out that only 5 billion yuan was available. The government could not even offer the 4 billion yuan



needed for technological reconstruction and for reborrowing because enterprises had trouble paying back their previous loans. It is true that the sales of the means of production picked up and that there was less overstocking because of bigger investment during May and June, yet the funds invested in capital construction did not manage to stimulate industrial output very much.

As for consumption demand, the market situation varied depending on whether it was located in the cities or rural areas. On the whole the market was weak and sluggish. Up until May we had a negative growth in retail sales of social commodities. The trend of decline gradually slowed down; in June the trend of 10-month negative growth was finally reversed and there was a 1.4 percent sales increase instead. Even so, the total amount of retail sales of social commodities during the first six months this year was still 1.9 percent lower, or 8.03 billion yuan less than that of the same period of time last year. The consumption market remained sluggish. If we compare the consumption market situations in cities and in rural areas, we will see that retail sales in cities bounced back much more rapidly a 1.5 percent increase in six months. This tells us that the minimal rise of retail sales nationally is because of increased consumption in the cities. Judging from the relationship between incomes and consumption, it is obvious that township citizens still did not spend enough and therefore the rate of consumption was too low. During the first half-year, bank expenditures for individual wages increased 9.1 percent. Even though it was lower than the 25 percent increase during the same period last year, it was nevertheless higher than the three percent price increases and higher than the industrial output value. This means people will continue to put their money away in savings. In 1988 the amount of savings deposits went up 23.1 percent and in 1989, 30.4 percent. But the total amount of deposits during the first half-year of 1990 increased 41.8 percent, a 10 percent hike. As a result, 41.24 percent of banks' earnings this year came from savings deposits, as compared to 38 percent last year. At the same time earnings from retail sales went down from 36.4 percent last year to 33.6 percent this year. This three percent decrease equalled the 27 billion yuan of retail sales of commodities, or equalled 14 percent of total retail sales in the urban areas during the first half-year. Personal income increased but the consumption market remained sluggish. This was not because of restriction by overly slow wage increases. Rather, this was because of a psychological change in personal expectations and to the production of an unreasonable product line.

There was a clear contrast between rural and urban markets. During the first half-year, the amount of retail sales in villages and counties was 6.2 percent lower than the same period of time last year. The decline was 4.3 percent worse than the national average and there was no hint that it might bounce back. Because the rural market retained 50 percent of the retail sales nationally, its sluggish condition pulled the national consumption market down further and made the road to recovery

more difficult. This sluggishness in the consumption markets in the rural areas should not be attributed to unreasonable product lines. The causes for this condition were reduced incomes and cost inflation. This is the first time in the 10 year history of reform that farmers' average incomes were reduced. During the first six months this year, the incomes earned by farmers went up only 1.9 percent, a 3.7 percent decline after making adjustment for inflation. When the farmers had smaller incomes, the buying and selling of the means of production remained the same, their savings deposits went up, and personal expenditures were cut back tremendously. Because of the lowering of buying power, 33 of the 36 types of major industrial products that were sold in rural retail outlets experienced fewer sales. As for the pricing situation, the retail price index in rural areas went up 5.1 percent, 4.4 percent higher than that in the cities. The price increase in agricultural means of production was more acute; it went up 23.5 percent between January and May last year. During the first six months this year, it went up again—an 8.8 percent increase over last year's raise. The amount of retail sales of agricultural means of production had a meager 0.3 percent increase, which was in fact a decrease after making adjustments for inflation.

We can see from the above analysis that generally speaking we have accomplished the fundamental goal of rectification and reorganization, but we still must deal with other complicated conflicts in our economy.

First, the overall circulation of social value is still being "short circuited." The policy of tightening credit has been implemented since the beginning of rectification and reorganization. After eight months of stagnation, the policy's constraining effect on the national economy began to have an impact. In June 1989, investments in fixed assets had obviously shrunk, and consumption demand was slipping down as fast as possible. What had restrained industrial growth was first the disappearance of medium-term demand and later the diminishing of ultimate demand. After September 1989, in order to stimulate industrial growth, banks began to relax the restricted conditions on medium-term demand. Up until this March and June, banks were still offering loans for start-up capital; the policy of currency tightening had in fact been changed to a policy of easier credit. However, it has been 10 months since the new policy of easier credit was implemented, yet industrial products are still overstocked, funds are not circulating, and enterprises still cannot repay their loans. Obviously relaxing conditions on medium-term loans has not accelerated the rate of industrial growth. The core of this problem is not the lack of funds for enterprises; the problem is that ultimate demand has not been invigorated.

Second, the structure of supply has not been changed much by rectification and reorganization. It is true that during the first half-year the production rate of energy and other important raw materials was four percent higher than that of the average growth rate of industrial output value, and products that had not been available

before were no longer as scarce. Although the development of "long-term" industrial products may have slowed down, relieving the tension in energy and raw-material supplies, these industries have not by any means cut down their productive capacity, nor have they reorganized their capital assets in accordance with government industrial policy. As soon as demand increases and funds become available, the overgrown processing industries will immediately expand their production. Overstocking means wasting a lot of funds and extending the life of unreasonable industrial structures. Many enterprises already have overstocked their products. Because these enterprises need money to pay wages, the government continues to finance their operations through loans.

Increasing the amount of reasonable investments can make a difference in the adjustment of the present industrial structure. We may look at the investments in capital construction during the first half-year. The amount of investment in the energy industry increased from 29.1 percent last year to 33.5 percent during the same period this year. The amount of investment in the textile, machinery, and electronic industries remained the same. The amount of investment in the raw material industries was further reduced (last year the amount) was already reduced from 20 percent to 18.6 percent) to 16 percent. 3.4 percent less loans were offered for the technological transformation of product structures. At present the banks take in a huge amount of citizens' savings deposits. The banks offer the money as circulating-capital loans, instead of investing in basic industries and in building infrastructure for the purpose of short-term industrial production. The distribution of this aggregate capital is another example of fund wasting. This will further obscure the chance for future structural adjustment, disrupt the proportion between the aggregate of current assets and the aggregate of fixed assets, and weaken the support for structural changes.

Third, our economic benefits have not yet improved. If the circulation of funds is not smooth and if the structure of supply sources is imbalanced, the result will be a decline in economic benefits, and we will encounter worse financial difficulties. During the first six months it was estimated that state-owned industries and enterprises paid 18.3 percent less profit tax than the same period of time last year, the deficit incurred by enterprises was 1.7 times bigger, and the deficit aggregate increased 88.9 percent. The condition of our national revenue and expenditure is closely connected with the speed of economic growth. That is to say, if economic development collapses then the condition of finance and revenue will deteriorate. During the first half-year, profits gained from small industrial growth failed to alleviate any financial difficulties. The factors contributing to this problem, in addition to the fact that enterprises were not able to turn in their profits earlier, were the industrial structure and taxation system. First, except for the industries belonging to the collective system or people's ownership system, the industrial

output value of major industries went sky high. However, these industries enjoyed preferential treatment in taxation. The proportion of financial revenue coming from these enterprises is low. Therefore, their growth did not translate into direct financial gain for the government. Second, the profit tax of the energy and raw-material industries is lower than that of the processing industries; their growth did not do much for the national revenue either. This was why we had a national deficit at the beginning of the year—from January to June there was deficit of 1.14 billion yuan—a rare historical event.

Based on our above analysis, our forecast for the economic trend in the second half-year is as follows: 1) The sluggish condition of the market will not improve much. Slack incomes continue to constrain the rural market and the market structure continues to weaken the urban market. We think the national market will remain sluggish for quite a while. This continuous sluggishness will hinder the long-term development of national economy. The rural market stagnates because during the 10-year reform, farmers have made their living from nonagricultural production rather than agricultural production. Yet there will not be any more accelerated growth of nonagricultural production, such as the one in the past few years, in rural areas. This is because we must review our industrial structure and make long-term adjustments. Of course, we have had bumper harvests in the summer last year and this year. However, the increase of agricultural wastage has also climbed steeply. This means that we have come to the stage of the continuous diminishing of marginal returns; we may step up our production but we cannot increase our income. Even if we raise the purchase price of agricultural products and by-products, our earnings can only minimize the loss of profit incurred by wastage. Farmers' income will not increase much at all. We must understand that rural markets will not experience the same prosperity and flourishing development they have had during the decade of reform. This will be the development trend of rural markets—the major consumption market in the nation. We cannot expect the urban market to tackle the problem of the whole consumption market alone, especially when the urban market is also having difficulties balancing the situation of supply and demand. All these tell us that the sluggish condition of the consumption market will not change in the near future. 2) Because the market will remain sluggish for a while, industrial growth will be slow. Judging from the situation of material reserves and fund supplies, a six percent industrial growth rate during the second half-year may be acceptable. The key problem is that if industrial development is not accompanied by ultimate demand, then the six percent growth rate will result in more overstocking of products, obstruction and delay in the adjustment of product and industrial structure, and further decline of economic benefits. If we can manage to add the 45 billion yuan as planned to the investment capital and invest the money fixed assets during the next half-year, we may pull up the production rate by three percent. If there are no other factors that may stimulate consumption, the amount of overstocked

industrial products will increase, and in return the stockpiling will hinder industrial growth.

Based on the analysis and forecast above, we suggest:

First, we should expand export trade and let exports stimulate domestic demand. Since the domestic market will remain sluggish, we should take this opportunity to expand the export of our industrial products, particularly products that are overstocked domestically, and develop foreign trade that does not require as much government subsidy. Let our domestic products get into the international market. By doing this we will be able to regulate our industrial structure, alleviate the lethargic market conditions, increase earnings in foreign exchange, and improve the balance of payments. However, we must point out that the expansion of export trade alone cannot lift our national economic growth, because the impact of exports on our economy is limited. Eventually we must depend on the mechanism of ultimate demand and structural adjustment.

Second, we need a flexible financial policy that will continue to take appropriate measures in increasing lending. After the year-long rectification and reorganization, the result shows us that the currency policy has been effective in accomplishing the macro-goal of retrenchment, but it is not a useful measure for expanding demand, nor is it effective in mobilizing structural adjustment. Eventually we will need a financial policy to help us accomplish structural adjustment and increase demand effectively. Even though we have trouble meeting the expansion in medium demand, we must be decisive and implement a financial policy that promotes adequate expansion. This measure may intensify the conflict of the imbalance in revenues and expenditures. However, we should be more far-sighted and look at the situation with future development in mind. First, we should not be so rigid as to insist on a short-term balance, because a balanced budget does not depend on this alone. In the 10-year reform we had a deficit every year. One of the reasons why we still have not determined how to eradicate this problem is that we have not learned to use a short-term imbalance to improve the condition of the long-lasting deficit. Second, the banks now have a large amount of returned bank notes from the increase in savings deposits. But the number of investment demands, especially demands of investment in fixed assets is too small, and most of the funds end up as aggregates of current assets. Under these circumstances, financial policy should be coordinated with currency policy and reduce the amount of aggregates of current assets. The banks can transfer a portion of funds to be used as financial loans for investing in fixed assets. At the same time the banks can also expand their individual loan service and divert some funds as aggregate funds for industrial production.

Third, we must take every measure to expand the size of investment in fixed assets. Once we increase the amount of investment funds and initiate ultimate demand, we will be able to alleviate the sluggish market conditions and develop

the "bottle-neck" industries. At present we must make sure that investment funds are efficiently utilized and that investments should stimulate demand as quickly as possible. Also, we want the new investment funds to be applied in basic industries and capital construction, and more funds should be given to the technological transformation of enterprises. Because the investment funds are for large-scale projects, to ensure the continuation of the projects later on, we should not hesitate to include these projects in our national planning.

Fourth, we should implement system reform at the appropriate time. To emphasize rectification, reorganization, and structural adjustment does not mean to postpone reform or slow down the process of reform. We are supposed to deepen reform as well as implement structural adjustment. Structural adjustment can be safeguarded only if we promote reform. The mechanism of economic movement in this first half year showed us that the national condition of the unreasonable distribution of incomes has not changed. Individual incomes have increased too fast but the amount of revenue and enterprise earnings has decreased. The government and enterprises have not increased their proportion of aggregate funds and the proportion from personal savings has been too large. If this continues, it will be difficult to maintain the mechanism that safeguards a stable and coordinated development of the national economy. Since we have accomplished our primary goal of rectification and reorganization, we should take this opportunity to implement reform on personal incomes, the social welfare system, and the social security system. Meanwhile, we must establish and improve the ownership system of enterprises, encourage and promote the merging or regrouping of enterprises. As for pricing adjustments, we must take measures to carry out the approved policy.

### Stress Placed on Improving Economic Results

HK2311081190 Beijing JINGJI GUANLI in Chinese  
No 10, 5 Oct 90 pp 10-12, 38

[Article by Zhu Mingchun (2621 2494 2504): "Increasing the Economic Results of Industry Is an Important Task in the Next Phase of Rectification and Consolidation"—edited by responsible editor Tong Zetian (0157 3419 3944)]

### [Text] I. Poor Economic Results of Industry Have Become a Prominent Contradiction Limiting the Current National Economic Development

#### 1. The economic results of industry remain in a poor state.

Having a poor economic results is a long-standing major problem in China's economic operations. Over the past years, the economic results of China's state-owned industrial enterprises basically still followed the trend of continuous fall or gradual increase.



**a. Rate of Labor Output**

| Year   | 1984   | 1985   | 1986   | 1987   | 1988   |
|--|--------|--------|--------|--------|--------|
| Labor productivity (yuan/person)               | 14,070 | 15,198 | 15,451 | 16,671 | 18,056 |
| Net value per 100 yuan of wages                | 682.73 | 705.57 | 618.29 | 621.52 | 587.37 |
| Profits and tax delivery per 100 yuan of wages | 457.98 | 493.62 | 380.75 | 371.96 | 340.35 |

Note: Calculations are made based on budgetary industrial enterprises owned by the whole people practicing independent accounting. This is also the case with the following tables.

**b. Capital-Output Ratio (percentage)**

| Year                          | 1984   | 1985   | 1986   | 1987   | 1988   |
|-------------------------------|--------|--------|--------|--------|--------|
| Rate of gross capital value   | 104.38 | 100.94 | 104.06 | 107.23 | 115.61 |
| Rate of net capital value     | 36.19  | 36.72  | 33.53  | 33.93  | 35.60  |
| Capital-profits and tax ratio | 24.20  | 23.81  | 20.65  | 20.30  | 20.63  |

**c. Fixed Assets-Output Ratio (percentage)**

| Year  | 1984   | 1985   | 1986   | 1987   | 1988   |
|---|--------|--------|--------|--------|--------|
| Rate of gross original value of fixed assets                        | 96.0   | 94.97  | 89.03  | 100.24 | 113.09 |
| Rate of net original value of fixed assets                          | 33.29  | 34.55  | 32.29  | 32.95  | 34.83  |
| Ratio of original value of fixed assets to profits and tax delivery | 22.33  | 22.40  | 19.89  | 19.27  | 20.18  |
| Rate of gross net value of fixed assets                             | 146.17 | 142.10 | 148.76 | 152.54 | 164.67 |
| Rate of net value of fixed assets                                   | 50.69  | 51.69  | 47.94  | 48.26  | 50.71  |
| Ratio of fixed assets net value to profits and tax delivery         | 34.00  | 36.16  | 29.52  | 28.88  | 29.39  |

**d. Consumption-Output Ratio (percentage)**

| Year                                       | 1984  | 1985  | 1986  | 1987  | 1988  |
|--|-------|-------|-------|-------|-------|
| Rate of net gross value                    | 34.68 | 36.38 | 32.23 | 31.64 | 30.78 |
| Consumption-profits and tax delivery ratio | 35.23 | 25.41 | 32.25 | 29.51 | 27.29 |

**e. Rate of Change in Fixed Cost (percentage)**

| Year                         | 1984 | 1985 | 1986  | 1987  | 1988   |
|------------------------------|------|------|-------|-------|--------|
| Rate of change in fixed cost | -2.0 | -7.7 | -7.34 | -7.04 | -15.59 |

(Footnote 1) (Gross output value, net output value, and realized amount of profits and tax delivery listed in the above tables were calculated on the basis of current prices that year. The original values of fixed assets were calculated according to their previous prices. The net values of fixed assets refers to their book values. If we readjust the estimates by referring to the ex-factory price index of industrial goods in recent years (which was respectively 108.7 percent, 103.8 percent, 107.9 percent, 115.0 percent, and 118.6 percent for the years 1984 to 1988), it shows that the proportion of efficient fixed assets is dropping.)



After rectification and consolidation, the economic results drastically dropped further because of the sluggish market and other reasons. During the first six months of this year, the sluggish state in the market did not change for the better, though the industrial output increased with each passing month. In addition, factors that had long been limiting the economic results were yet to be eliminated. The problem that the economic results of industry are dropping is still very prominent. Between January and June, the accumulated amount of profits and taxes delivered by budgetary industrial enterprises totaled 62,692 million yuan, or 18.6 percent lower than the same period last year (the total amount for the first quarter dropped by 65.3 percent, or by 59.4 percent when compared to the previous five months). The fixed cost of production was overspent by 14,804 million yuan, or 5.8 percent; whereas the ratio of sales revenue to profits and tax delivery was only 14.3 percent, or 18.2 percent lower than last year. The amount of profit realized per 100 yuan of sales revenue was only 3.07 yuan, a decrease of 3.07 yuan, or 55.2 percent when compared to the same period last year. The number of loss-incurring enterprises increased from 7,253 last year to 12,502, or by 33 percent. The accumulated deficit in the first half of this year was 12,683 million yuan, an increase of 88.9 percent compared to the same period last year.

2. The problem of economic results has become a prominent contradiction limiting China's national economic development.

a. The poor economic results contradict our efforts to raise living standards. A major cause of the national income being overdistributed is that the income level of residents was sharply raised, while the economic results remained at a poor level. It is estimated that the pace at which the income level of residents was raised in recent years was quicker than that of the rise in the level of social labor productivity, and that various areas faced a great demand for sharply raising living standards. Thus, the national income was overdistributed while the residents received their "actual benefits."

b. The poor economic results contradict accumulation and construction. In the past, we maintained a high rate of accumulation by depending on the suppression of consumption and so on. In the wake of the change of system, and the transformation of development strategy, it is required that the accumulation and construction approach, which took state finance as the principal party, be stopped; and that the transformation functions of banking and financial institutions be given full play, so as to gradually turn more of the financial strength of residents into construction investment through their more powerful financial tools. This has become a more urgent requirement under the circumstances that the economic results are poor, and the condition that the fiscal revenue of the state is highly insufficient. A problem is that the important basis of the bank's capital circulation—a rapid increase in savings deposits—was formed, however, under a prerequisite that the national

income was overdistributed, so that the figure was exaggerated. Another important factor is the unreliable money market, which caused inflation in credit capital, and thus general inflation.

c. The poor economic results contradict our efforts to boost the vitality of enterprises. Simply depending on decentralization cannot solve once and for all problems concerning the vitality of enterprises. With better economic results, enterprises find it impossible to quickly boost their capability for survival and self-development, and difficult to stop depending on various types of "big pot." Therefore, it will be impossible for them to truly become independent or relatively independent commodity producers.

d. The poor economic results contradict our efforts to strengthen macroeconomic management. The issue becomes more prominent in the following area: The insufficient financial strength of the central authorities has weakened their capability for readjusting and controlling the national economy, so that the financial system still cannot undertake its proper mission. In order to strengthen current macroeconomic management, it is necessary to boost the financial strength of the central authorities. On the other hand, the fact that the economic results remain at a poor level has greatly undermined the extent of tolerance among enterprises and localities, thereby making the financial problems of the central authorities more serious. In the first half of this year, the amount of profits and taxes delivered by budgetary industrial enterprises was only 50,592 million yuan. Instead of increasing, the figure was 4.4 percent lower than in the same period last year.

## II. Causes of Persistently Poor Economic Results

Judging from the present situation, it is impossible to achieve any better economic results if the market is sluggish, enterprises are ceasing or about to cease production, products are unmarketable, and enterprises cannot but pay wages to their workers and interest to the banks, though the circulation of capital is slow. Furthermore, many other persistent factors that limit China's economic results to a low level are still functioning at varying degrees. In order to eliminate these factors once and for all, we must further intensify our reforms, as well as rectification and consolidation:

1. From a macroeconomic point of view, there are problems in the guiding ideology concerning economic construction, and in the work principles. Since there are attitudes that prefer speed over economic results, and extensive form over substantial form, the quantitative orientation, as well as extensive expansion drive, which developed under the traditional system and when there was a shortfall in economy, continue to work in the economic sector during the transformation period. Experience has shown that only when economic workers at all levels attach great importance to the substance of reproduction can economic results be improved. Realizing the

transformation of economic development from an extensive form to a substantial form should be the key to boosting the economic results during the new period.

2. In the medium term, the composition of industry, as well as the organization of industry, are irrational. The irrationality in the composition of industry is mainly reflected in the fact that development is dislocated among developing industries, and that the development of basic industries, including energy resources, raw materials, and transportation, falls far behind that of the processing industry, and thus becomes the bottleneck of the national economic development. Such irrationality is the cause of chronic fluctuations in the national economy, and each of such fluctuations brings about heavy losses in terms of economic results. The irrationality in the organization of industry is mainly reflected in that fact that both the economic scale and technological level of enterprises are poor, and that, to a larger extent, the economic growth of enterprises is marked by widespread low-level technology. The quantity of such growth cut down the overall level of their economic results, instead of correspondingly improving their quality and economic results.

3. From a microeconomic point of view, enterprises are poorly managed, and the pace of technological advancement is slow. Since the contract system was popularized, enterprise management is simply replaced by contracting. Thus, many management loopholes at the grass-roots level are exploited, and short-term behavior is serious. This is an important reason that the economic results of enterprises in recent years grew slowly. A prominent aspect of such short-term behavior is that enterprises do not attach great importance to technological advancement, and are not interested in popularizing innovative and new technology. Meanwhile, there are indeed irrational system factors in the process of industrializing China's new technology, thereby preventing technology, which is becoming an important factor in improving economic results, from playing its proper role.

### **III. Intensifying Rectification and Consolidation and Structural Reform by Taking Economic Results as the Core and Structural Readjustment as the Focal Point**

It is impractical for us to improve the economic results by pinning our hopes on relaxing the tight control over aggregate volume and on promoting another round of economic growth. The sluggish market is only a short-term factor in the recent drop in the economic results. It is not a difficult job to tackle the sluggish market alone. Nevertheless, though we may restore the economic results to the former level by simply making the market prosper, we cannot change the mode of economic growth, which yields high output only when input is at a high level. Thus, we cannot really improve the level of economic results.

On the other hand, it will be far from enough if we just maintain the existing system and structure, and only depend on the internal management of enterprises. First, China is a

populous country, and this is a big problem. Objectively, to have five persons sharing the workload of three puts restrictions on the labor productivity of the enterprise in question. Second, under the present enterprise system and market conditions, the most important factor in the economic results of enterprises is changes in the macroeconomic environment, though many important factors limiting the economic results of enterprises are not in the hands of enterprises themselves. Third, generally speaking, China is at the preliminary stage of economic development, at which extensive enterprises are still popular in certain areas, and at which internal management is still not a critical factor in the competitiveness of enterprises, so that the initiative and enthusiasm of enterprises in strengthening their internal management are undermined.

Therefore, in improving the economic results in the next phase of rectification and consolidation, we should focus on further straightening out the economic environment, particularly readjusting the composition of industries. Only when we have rationalized the relations in the composition, and reduced economic fluctuations, can enterprises devote much efforts to their own operations and management, and to improving their economic results by tapping their internal potential.

1. We should take the opportunity, that is, having a sluggish market, to firmly grasp readjustment of the composition of products. To an ordinary processing industry marked by diversified products, whether or not a product is marketable is the key to the work of improving the economic results. At present, we must make use of this opportunity to guide and force enterprises to resolutely readjust the composition of products; and encourage them to manufacture products that are marketable, and yield better economic results, by giving them support in terms of loans, taxation and so forth, while putting restrictions on products which are unmarketable. Under the present circumstances, this task requires the efforts of enterprises themselves. Furthermore, relevant departments should also prepare a list of products in order of importance, so as to locate our limited resources in those areas that yield better economic results.

2. We should integrate readjustment with easing control, and rationalize prices. To the basic industry which manufactures single products, the move to rationalize prices is not only the crux of improving the economic results, but also the key to putting the industrial economy into a benign development cycle. This is of great significance to the national economy as a whole. We must take the opportunity that this year agriculture reaped a bumper harvest, basic industry is suited to the situation, and the inventory of ordinary consumer goods is abundant, and integrate the carrying out of readjustment with that of easing control in a determined manner. We must first rationalize the parity price relations of products among those industries, and get rid of the excessively heavy financial burden of allowances so as to put the national economy into a benign development cycle.

3. We should take economic results and economic scale as the lead, and policies toward industrial organizations as the means, to encourage the merging of enterprises and the

development of enterprise groups, so as to optimize the structure of enterprise organizations. Among China's current industrial policies, those on organization are rather weak. Without the support of powerful policies on organization, it is very difficult to make policies on structure successful. At present, we should make use of the sluggish market to encourage the merging of enterprises and the development of enterprise groups on the one hand; and to earnestly implement, with the adoption of necessary administrative means, those powerful policies on industrial organization on the other. We should impose minimum restrictions on enterprises in terms of technology and economic scale. In particular, we must not miss this opportunity, but resolutely optimize and reorganize the existing enterprises by taking the policies on industrial organization as the yardstick. Industrial departments that are formulating policies on the industrial organization of their respective areas must grasp their work firmly and reasonably implement the policies on industrial organization.

4. We should check investment in new projects, and support and focus on technological transformation of enterprises. Between January and May this year, the number of new projects approved was 2,628, involving a total investment of 45,650 million yuan. The number of projects was still at an excessive level, being 600-odd more than in the same period last year. During the next phase of rectification and consolidation, in which the aggregate volume will still be under tight control, we should support and place the focus on new investment in enterprises that readjust the composition of their products, undertake technological transformation, and gradually replace their extensive expanded reproduction by a substantial expanded reproduction.

5. We should continue to intensify reforms of enterprises, and optimize the operational management mechanism of enterprises. In contracting out an enterprise, the factory manager is assigned too much responsibility, while there develop certain obstacles hindering management, so that it is inevitable that the upper level prefers contracting out the enterprise, as well as its internal affairs, rather than directly handling them. This is an important reason why enterprises adopt short-term behavior. On the other hand, undoubtedly personalization in income distribution and short-term behavior in enterprises' operational plans undermine the goal of having better continuity, as well as stability, of economic results. At present, we should, on the one hand, continue to perfect the contract system, and strengthen the contracted long-term targets; and on the other, we should intensify reforms of enterprises, and adopt the shareholding system, as well as other effective means, at experimental sites, and gradually promote it.

6. We should eliminate territorial separation, keep the circulation channels free, and make the market brisk. In recent years, it was the sluggish market that became an important factor making the economic results of enterprises remain at a poor level. Taking the overall situation into consideration, whether or not the market prospers depends on rationalized economic relations and a sharp

rise in growth. Judging from the present situation, however, the important means to ease the sluggish market is to keep the circulation channels free. In particular, circulation among regions may help consumption in different structural forms strengthen their adaptability to the composition of products. Therefore, we must eliminate territorial separation, and encourage the formation of a unified national market. In the long run, and proceeding from the macroeconomic point of view, this is of great significance in terms of boosting the competitiveness of enterprises, improving the result of economic scale, and realizing the comparative interests of various areas.

### CPC Disbands 'Structural Reform Institute'

HK2811030190 Hong Kong TANGTAI in Chinese  
No 52, 24 Nov 90 p 15

[Article by Ho Po-shih (0149 0130 2457) from Beijing: "CPC Disbands 'Institute of Research on Economic Structural Reform'"]

[Text] Recently, the State Council formally issued a document disbanding the "Chinese Institute of Research on Economic Structural Reform" (hereforth abbreviated as "Structural Reform Institute"). This is yet another blow to the pro-reform forces following Li Peng's demotion of the "National Committee on Economic Structural Reform".

The "Chinese Institute of Research on Economic Structural Reform", the "Chinese Rural Development Research Center", the "Chinese International Relations Research Center" and the "Beijing Youth Economic Association" have been known as the "three centers and one association". In the past, they came under the "National Committee on Economic Structural Reform" (hereforth abbreviated as "Structural Reform Committee") and appeared as a think tank of the Structural Reform Committee headed by Chen Yizi. During the Zhao Ziyang years, they were the vanguards of reform and opening up, and were thus regarded in society as Zhao Ziyang's think tank. During last year's 4 June incident, they issued a joint letter under the name of the "three centers and one association" on 19 May expressing support for the student movement. After the 4 June incident, many of the responsible persons of the "three centers and one association" were forced to flee overseas. Those who did not make it out of the country all came under political investigation: Some were transferred to lower levels or to the countryside, while others were moved to other units. Thus, the three centers and one association have actually been long disbanded. The State Council only recently issued, however, a formal document announcing its abolition. At the moment, the personnel of the former Structural Reform Institute are all at home waiting for reassignments.

It is understood that Li Peng's cabinet has had a difference of opinion on the question of whether to formally disband the "Structural Reform Institute" or not. Li Tieying, who headed the "Structural Reform Committee" for a short period of time, opposed the abolition of



the "Structural Reform Institute" on the grounds that even though the "Structural Reform Institute" made some proposals which did not conform with the national situation in China, it nevertheless represented a force for reform and opening up in the past decade. The disbanding of the "Structural Reform Institute" would reflect a poor image to the outside world. Li Peng maintained, however, that the "Structural Reform Institute" had done nothing worthwhile in the past decade, and through its recommendations to Zhao Ziyang, it almost pushed the Chinese economy to the brink of inflation. Hence, he strongly advocated the dismantling of this organization.

The abolition of the Structural Reform Institute shows the Li Peng government's hatred for the people in the "structural reform network". Not long ago, he resigned as chairman of the National Committee on Structural Reform, and was succeeded by the lower-ranking Chen Jinhua. This was already a concrete example of Li Peng's efforts to wipe out Zhao Ziyang's influences. The final abolition of the Structural Reform Institute today is yet another way to deal a further blow to the pro-reform forces.

#### Seventh Five-Year Plan Boosts Foreign Trade

HK2711015890 Beijing CHINA DAILY in English  
27 Nov 90 p 1

[By staff reporter Liu Hong]

[Text] The nearly-ended Seventh Five-Year Plan period (1986-90) scored a record "near-50 per cent" boost in China's foreign trade.

Statistics from the General Administration of Chinese Customs show that the country's foreign trade volume in the first four years of the plan period totalled \$371.12 billion, 47 per cent higher than the total of \$252.4 billion registered during the Sixth Five-Year Plan (1981-85).

According to a report prepared by the State Statistics Bureau, the country's foreign trade volume during the Seventh plan-period climbed from 16th to 14th place in the international trade arena, showing an annual growth rate of 17.7 per cent.

The country's export mix has also taken a favourable turn with finished products showing a marked increase. Exports of fashion clothing and mechanical-electronic products chalked up a yearly growth rate of 25.5 and 49.4 per cent.

Other fast growing exports included seafood products, coal, building materials and metal products.

Meanwhile, imports during the plan period also showed a yearly increase rate of 8.8 per cent. Imports of some raw materials, including grain, cotton and rubber, went up and imports of finished industrial products down. A sharp drop was recorded in imports of such luxurious goods as colour television sets and cars.

Pledged foreign lending during the time amounted to \$60.96 billion while the country had an actual use of \$44.47 billion—an amount equal to the total available in 1979-1985 period.

Meanwhile, direct foreign investment during the past five years supported the founding of 20,976 ventures in the country. Foreign investment during the past five years took up 5.5 per cent of the country's total capital construction investment.

During the period, China has also made rapid development in overseas labour service, building up its own estates overseas and tourism.

#### Transport Firm's Foreign Trade Gains Reviewed

HK2311025790 Beijing CHINA DAILY in English  
23 Nov 90 p 2

[By staff reporter Qu Yingpu]

[Text] China's leading foreign trade transportation company celebrated its 40th anniversary in Beijing yesterday with glowing achievement reports and a concert featuring singers and dancers from its 50,000 staff.

The China National Foreign Trade Transport Corporation (Sinotrans) started from scratch in the 1950s and has become one of the biggest general foreign trade transportation organizations in the world, with 56 branches in China and 30 firms and joint ventures in 20 countries and regions throughout the world, company president Liu Fulin told the party guests.

He said the 30 branches not only handle Sino-foreign trade, but also transport for trade between other countries and are involved in other business areas.

The corporation now has more than 30 cargo vessels with a handling capacity of two million tons, 214 warehouses with a total floor space of more than five million square metres, 170 automobiles fleet with 6,000 trucks and specialized ports and rail lines.

With these facilities, coupled with rented trains and airplanes, the corporation had handled more than 2 billion tons of cargo in its time, including 1.7 billion tons by sea, 350 million tons by land and 160,000 tons by air, Liu said.

The cargo included imports of 170 million tons of steel products, 67 million tons of wood, 260 million tons of grain, 140 million tons of chemical fertilizer, and exports of 210 million tons of petroleum, 120 million tons of coal, earning it a profit of 4.7 billion yuan (\$903 million).

#### Minister Notes Tax Reform Trial Implementation

HK2711055190 Beijing RENMIN RIBAO in Chinese  
10 Nov 90 p 1

[Report by Wang Qingxian (3769 3237 2009): "Wang Bingqian Addresses a National Meeting of Taxation Bureau Chiefs"]

[Text] Beijing, 9 Nov (RENMIN RIBAO)—At a national meeting of taxation bureau chiefs today, State Councillor and Finance Minister Wang Bingqian said that local leaders did not need to worry about losses incurred from next year's taxation increases because financial system reform will be trial-implemented in some localities only.

If one holds back something because of this worry, one lacks an overall view of the situation and this is wrong and unnecessary, he said.

Wang Bingqian continued that revenues for the last 10 months are not ideal enough but local taxation bureaus have made positive efforts and achievements. This should be fully confirmed. From January to October this year, regular revenue increased by 6.3 percent over the same period last year but financial expenditure increased by a wide margin. Therefore, fulfilling this year's taxation task will be of great significance in alleviating the financial shortage, balancing the state budget, reducing deficits, displaying the role of financial macrocontrol, and stabilizing the overall situation.

Taxation cadres are required to turn pressure into impetus and to make efforts for the fulfillment of this year's taxation, he added.

### Trade Unions Play Positive Role in Economy

OW2811114590 Beijing XINHUA in English  
1041 GMT 28 Nov 90

[Text] Beijing, November 28 (XINHUA)—China's trade unions have played a positive role in promoting technical progress, labor protection, workers' enthusiasm and economic returns, the WORKERS' DAILY reported today.

The paper said that trade unions throughout the country have organized various efficiency competitions and have raised the output value for the state by 10 billion yuan since 1986.

Advocated by trade unions, 67 million workers in 260,000 enterprises have participated in the research, development and management, or put forward suggestions, that led to improved economic returns. In all, an additional output value of 50 billion yuan has been raised by the workers since 1986.

In regard to labor protection, trade unions have organized 3.1 million groups to implement and supervise labor protection measures in 420,000 workshops.

Moreover, trade unions have also investigated typical cases of industrial accidents and dust pollution in 82,143 enterprises. They have brought reports on the control of industrial accidents and reduction of dust to the attention of the State Council.

### Technology Markets Develop Rapidly

OW2811083790 Beijing XINHUA in English  
0725 GMT 28 Nov 90

[Text] Beijing, November 28 (XINHUA)—Technology markets in China have developed rapidly in the past decade.

The technology trade in 1989 was 8.1 billion yuan-worth, while in 1984 it was only 720 million yuan-worth. The first six months of this year saw an increase in transactions of 12.5 percent over the same period last year.

In recent years China made achievements in about 20,000 scientific and technological projects each year, but there was a failure to apply most of them to production, according to the China Technology management and Promotion Center.

The Chinese Government has adopted a series of measures, including the making of relevant laws, to encourage scientific research institutions to provide direct services to production units, thus promoting the transfer of new technology and the development of new products.

The volume of transactions in Beijing in the first six months of this year was two billion yuan-worth, ranking first in the country.

At present there are about 19,000 institutions in China specializing in technology development and transfer; and technology markets have also extended to the countryside.

Nowadays about 50 percent of technological achievements are applied to production. In 1988 scientific research institutions in China made a total of 3.8 billion yuan from sales on technology markets.

In the meantime, China exported about 3,800 items of technology, earning 20 billion U.S. dollars, in the 1980s.

Last year an exhibition center of new technology and products was set up in Guangzhou by the State Science and Technology Commission. More than 300 contracts for foreign sales have been signed in the center so far this year, involving a total of 1.2 billion yuan.

As a result, the commission plans to set up similar foreign-oriented technology markets in Harbin, capital of Heilongjiang Province, Urumqi, capital of the Xinjiang Uygur Autonomous Region, and Kunming, capital of Yunnan Province.

### Gold Industry Shows Record Production Increase

OW2811190890 Beijing XINHUA in English  
1525 GMT 28 Nov 90

[Text] Beijing, November 28 (XINHUA)—China's gold industry registered a 19 percent increase in production this year over last year's same period—a record high, according to the State Gold Administrative Bureau today.

Xu Daquan, director of the bureau, said gold production over the last five years increased at an average annual growth rate of 11 percent.

During the Seventh Five-Year Plan period (1986-1990), he added, the total gold output was 60 percent more than in the previous five years and the confirmed gold deposits of the Seventh Five-Year Plan period was 2.67 times that of the previous five years.

Xu revealed that China's gold production is expected to grow at annual rate of over 10 percent during the next five years.

### **Railway Construction Corporation Established**

*HK2911033990 Beijing RENMIN RIBAO in Chinese  
20 Nov 90 p 2*

[Report by Hua Mingfang (5478 2494 5364) and Wang Kaizhong (3769 7030 1813): "China Railway Construction Established"]

[Text] The People's Liberation Army [PLA] railway engineering corps, which has rendered great contributions to the motherland's railway construction over the past decades, has now realized the shifting from military to enterprise production. The work of shifting from military to enterprise production started in 1984. With the State Council's approval and its registration in the State Administration for Industry and Commerce, the China Railway Construction Corporation has been formally established.

Through their practice over the past few years, this corporation's leaders understood that in the sharp competition in the construction market, it is not only necessary to inherit the tradition of hard struggle, but it is also necessary to rely on science and technology in developing enterprises. They have made remarkable achievements in industrial production, research, and development, as well as in popularizing and applying new technologies. Having made a number of new technological breakthroughs in the construction of tunnels and bridges, they have been awarded by the state and the Railways Ministry many times. In the Datong-Qinhuangdao Railway tunnelling project, they popularized the "xinaofa" [2450 1159 3127] method in an overall way and achieved the nation's best tunnelling results three times.

At present, this contingent has also developed its business from railway construction to other civilian industrial projects, such as the construction of expressways, airports, piers, hydropower stations, and high-rise buildings. Since shifting from military to enterprise production, it has won a total of six state gold and silver medal awards.

### **Land Registration, Management Strengthened**

*OW2811120690 Beijing XINHUA in English  
1137 GMT 28 Nov 90*

[Text] Xian, November 28 (XINHUA)—China's long-suspended land registration and management work was resumed four years ago, and now it is playing a more and more important role in the overall construction and development of land management.

Materials from a national symposium on land registration and management which recently ended in Xian showed that a total of 642 counties in the country have completed their investigations on the current situation of land utilization, and another 1,314 counties will finish their work very soon.

Meanwhile, more than 1,000 cities and towns have started surveys on land registration, and 130 cities and towns have begun to draw up land grades.

Statistics on land area and registration carried out in 1987, 1988 and in 1989 have been computerized and are expected to be used soon.

A series of regulations and policies including "Technical Regulations on the Current Situation of Land Utilization", "Regulations on Land Registration", "Regulations on City and Township Land Investigation" and "Measures on Charging for and Management of Land Registration", have been made and put into effect.

Statistics from 30 counties and cities show that a total of 32,000 disputes involving land ownership and boundaries have been resolved after the implementation of land registration and management.

Regulations drawn up in recent years also allow land users to transfer, lease and raise mortgages on land.

### **Bid Enterprises in Mountainous Areas Rejuvenated**

*OW2511050090 Beijing XINHUA in English  
0209 GMT 25 Nov 90*

[Text] Chengdu, November 25 (XINHUA)—Big and medium-sized enterprises built in the mid-1960s in central and western China have been rejuvenated by adjusting their industrial and product structures during the state's Seventh Five-Year Plan period (1986-1990).

Some 2,000 such factories, known in China as the "third-front" enterprises, were mainly located in the mountainous areas in Sichuan, Guizhou, Yunnan, Shaanxi, Gansu, Henan, Hubei and Hunan provinces as part of the efforts to develop the local economy of the country's heartland. The central government has invested over 170 billion yuan on these enterprises over the years.

But many of them were far away from cities, while others were located in areas which were often the sites of earthquakes, landslides and floods.

In 1986, after two years of investigations, planning and preparations the central government launched an overall program to adjust these enterprises.

An official in charge of the program told XINHUA that 121 "third front" enterprises were on the readjustment list. By the end of this year 92 of them will have completed their adjustments, either being closed,



merged with other enterprises, altering their products or moved to safer locations. The rest will complete adjustments by next year.

A total of 2.5 billion yuan has spent [as received] on the program over the past five years, the official said. An additional three billion yuan has been invested on technical improvements and the development of new products.

The enterprises now produce more than 200 types of competitive products, including automobiles, television sets, motorcycles, cameras, sound systems, transportation facilities and raw materials. The 78 types of products which are exported now earn over 20 million U.S. dollars a year.

Some of the enterprises have also opened economic and technical development zones in major cities such as Guiyang, Xian and Chengdu.

#### **Financing Increases For Agricultural Technology**

HK2611034590 Beijing CHINA DAILY  
(BUSINESS WEEKLY) in English 26 Nov 90 p 4

[By staff reporter Yun He]

[Text] China is giving priority to developing agricultural technology by using its valuable foreign funds.

So far, a total of \$3 billion in foreign funds have been used for agri-tech development, according to the Ministry of Agriculture.

The foreign funds used in agriculture over the past 10 years is equal to as much as 60 per cent of the funds invested by the Chinese government in this sector, said an official with the ministry.

With the outside financing, the Chinese Academy of Agricultural Sciences (CAAS), the top body engaged in agri-tech research and development in China, has scored 1,140 achievements in agricultural scientific research and technology development.

Of these, nearly 65 per cent have been used in agricultural production, and have been responsible for earning 3 billion yuan (\$636 million) a year for the country, according to the CAAS.

The agricultural research institute has set up 132 stations in the countryside to spread its latest agricultural technology to the grass-roots in a bid to increase the country's farm production.

Improvements that have resulted from Sino-foreign co-operative projects include better rice strains through hybridization, the seed-selection technology used for wheat and rape production, the technical know-how for improvement of sheep breeds, as well as fertilizer- and pesticide-making technology.

Now, more than 320 pesticides from foreign countries are being used experimentally in China, as those co-operative projects have been implemented, the CAAS's official said.

China has also taken steps to send its technicians and students abroad to study the latest agro-technology there while inviting some foreign scholars to China.

The government has, so far, sent 2,700 visiting scholars and 2,000 students abroad to study agriculture, animal husbandry and fisheries.

Meanwhile, it invited 1,500 foreign experts to deliver lectures, give technical guidance and consultancy and conduct co-operative research.

#### **Agricultural Bank Increases Lending**

HK2611034190 Beijing CHINA DAILY in English  
26 Nov 90 p 2

[By staff reporter Xiao Wu]

[Text] The Agricultural Bank of China, the country's only bank for rural investment, has increased its lending to agricultural production by 19.6 billion yuan (\$3.8 billion) this year in line with the government's efforts to promote the sector.

During the first 10 months of the year, the bank granted loans totalling 104.2 billion yuan (\$20 billion) for agricultural production, 23 percent more than in the same period last year, according to an official with the bank.

The official said the bank had drawn up a plan outlining sharp increases in investment in agricultural production at the beginning of the year, in response to the central government's stronger emphasis on agriculture.

The bank's loans to agricultural production had been mainly used for poverty-alleviating projects, comprehensive development projects, and for State, collective and individual farms to develop their industries.

Breaking down the loans, the official said individual farmer households had been the biggest beneficiaries with 60.2 billion yuan (\$11.6 billion) in loans during the first ten months of this year, a rise of 14.6 billion yuan (\$2.8 billion) on the same period last year.

Poverty-alleviating projects which aimed to help farmers living in impoverished areas to feed themselves had accounted for 1.4 billion yuan (\$272 million), a 492 million yuan (\$95 million) increase on the same period last year, the official said.

And comprehensive agricultural development projects had consumed around 2 billion yuan (\$400 million) in loans in the first ten months of the year, 1.3 billion yuan (\$244 million) up on the same period of 1989.

## East Region

### Armed Police Quell Fighting in Fujian

HK2911113590 Beijing RENMIN GONGAN BAO  
in Chinese 13 Nov 90 p 13

[Report by Zheng Renkuan (6774 0117 1401) and Huang Jianhui (7806 1696 6540): "Zhangzhou City Armed Police Detachment Quells Extraordinarily Serious Group Fighting With Weapons"]

[Text] On 20 October, over 100 officers and men of Zhangzhou City Armed Police Detachment of Fujian Armed Police Headquarters, led by Political Commissar Chen Baolin [7115 1405 2651] and Deputy Detachment Commander Wei Yushan [7614 3768 1472], took quick and decisive action and quelled large-scale armed mass fighting within a short space of three hours.

At 0935 on 20 November, an instruction reached the armed police detachment of Zhangzhou City from the city party committee and city public security bureau, which said: "Send immediately a force of over 100 to Jiaomei Town of Longhai County to stop armed mass fighting." In no time, Political Commissar Chen Baolin and Deputy Detachment Commander Wei Yushan worked out a plan for the operation and, taking with them 105 cadres and men from the emergency squadron and rotational training squadron, rushed to the scene 30 km away in 50 minutes.

At the scene was a spectacle resembling an ancient battlefield: There it was, large-scale armed mass fighting involving nearly 2,000 people, which had been caused by a death in an earlier civil dispute between Tianli Village and Putou Village of Jiaomei Town. The "two armies" were pitted against each other with such weapons as airguns, explosives, pitchforks, wooden cudgels, and sabers in their hands. The situation was explosive and desperate. Seeing this, Political Commissar Chen and Deputy Detachment Commander Wei deployed the armed police in combat formation and, under the unified organization and command of Zhangzhou City party committee and the public security bureau, the armed police plunged into the central area of the fighting. Holding this key junction, they started a psychological offensive, patiently explaining the legal policy to the masses on both sides and making clear to them the aftermath of fighting each other. After more than three hours of painstaking dissuasion, the masses of both sides who had confronted each other for nearly half a day went back to their villages and a serious case of bloodshed that could have been triggered at any moment was prevented in good time.

In order to eradicate the hidden danger and completely quench the disturbance, all the armed police officers and men from Longhai squadron and the detachment stationed in Zhangzhou, according to the instruction from the city party committee and the public security bureau, stayed on the scene at the juncture of the two villages to continue their task. They carried forward the spirit of

bearing the hardship of continuous fighting and patrolled, went on duty, and worked on the masses day and night, despite the harsh conditions in the open air, the cold, the hunger, and insect bites. The leaders of the detachment set examples for their men and persisted in assuming command by themselves in the forefront. Deputy Detachment Commander Wei Yushan had been suffering from gastroenteritis for many days and he was constantly suffering fits of excruciating stomach pain. He stayed with the officers and men from beginning to end. Mayor Han Yulin [7281 3768 2651] of Zhangzhou City, who had been commanding the operation on the scene, said with deep feeling: "All past tests have proved that the armed police of Zhangzhou are a reliable, strong combat force capable of withstanding trials."

### Shandong's Jiang Meets With Delegates to Beijing

SK2911104690 Jinan Shandong Provincial Service  
in Mandarin 2300 GMT 28 Nov 90

[Text] On the morning of 28 November, Jiang Chunyun, Zhao Zhihao, Zhang Quanjing, Ma Zhongcai, Liu Peng, Xiao Han, and Jin Baozhen and other leading comrades cordially met with all delegates who will soon leave for Beijing to attend the national conference to commend advanced discipline inspection organizations and outstanding discipline inspection cadres at the meeting room of the Standing Committee of the provincial party committee.

On behalf of the provincial party committee, Jiang Chunyun extended congratulations to them and warm regards to all comrades engaged in discipline inspection work. He said: Over the past few years, under the leadership of the Central Discipline Inspection Commission and the party committees at all levels, the discipline inspection organizations at all levels and the broad masses of discipline inspection cadres across the province have done much work in investigating and handling discipline violations inside the party on the basis of building party style and maintaining a close relationship between the party and the masses and in comprehensively exercising their functions in carrying out discipline inspection work, and have made noticeable achievements. Practice showed that our province's discipline inspection ranks have strong party spirit, firm work style, and strong fighting capacity.

## Central-South Region

### Shenzhen's Li Hao Donates 1.5 Million Yuan

HK2811125890 Hong Kong MING PAO in Chinese  
21 Nov 90 p 2

[Report by Nan Hsun (0589 3575): "Li Hao Donates 1.5 Million Yuan; Where Does His Money Come From?"]

[Text] According to relevant personages, Shenzhen party Secretary Li Hao donated 1.5 million yuan to the Shenzhen Children's Fund on 8 November. The only explanation for a senior CPC official to possess such a huge sum of money is: He benefited totally from the rise in

value of the special zone's stocks. Li Hao declared at the same time that the market value of his Shenzhen development shares is 5 million yuan (the value is higher on the black market). These shares are original shares, namely, shares sold by the bank and economic structural reform office when the Shenzhen stock market was established in 1987. Li Hao never speculated on or obtained exorbitant profits from the stocks.

It has been reported that most of the officials at various levels in Shenzhen possess original stocks. It is understandable for office level cadres to possess stocks valuing 500,000 yuan because the value of the original stocks was only a few thousand yuan. The cadres generally believe that a considerable amount of property possessed by intermediate level officials will be conducive to running a clean administration. However, the central departments are against saying that the sudden rise in wealth of officials in the special zone will have positive significance. Zheng Liangyu, the newly appointed Shenzhen mayor, obtained the permit to buy 7,000 shares. The floor value of the shares, which is around 10,000 yuan, has risen to hundreds of thousands of yuan. Zheng Liangyu immediately rejected the permit, saying that he has no intention of getting involved in the muddy waters of stocks.

Before withdrawing from Shenzhen's political stage, a senior Shenzhen shareholder said, Li Hao donated huge funds to leave some remembrances. Although he is to leave, he has done something worthwhile. At the critical moment when the central authorities are scrambling for interests with the localities, it will probably hinder continuous reform and opening up for Beijing to enormously spread the "outdated news" about the special zone officials suddenly rising to wealth. Shenzhen's stocks dropped sharply a week ago. To date, the black market price has dropped 20 to 30 percent. Although this is related to the measures adopted by the authorities to consolidate the stock market, the practice of seizing this opportunity to attack the reformers is quite clear, as viewed from the national economic reform which reached a standstill and the overall situation characterized by retrogression.

### Hainan Grain Output Reaches 1,664,400 Tons

HK2411043190 Haikou Hainan Provincial Service  
in Mandarin 2300 GMT 20 Nov 90

[Excerpts] On the basis of last year's good grain harvest, our province reaped another this year.

Statistics show that total grain growing area stood at 8,382,600 mu, per mu grain yield at 199 kilograms, and total grain output at 1,664,400 tons.

Our province's rice growing area stood at 6,234,000 mu, per mu rice yield at 229 kilograms, and total rice output at 1,427,300 tons. Total grain output and per unit area grain yield both reached an all-time high.

The reasons for this year's rapid grain production development are as follows:

1. Party and government leaders at all levels have further strengthened leadership over agricultural production and further consolidated the position of agriculture as the basis. [passage omitted]
2. All trades and professions have given unreserved support to agriculture. [passage omitted]
3. Our province has greatly carried out construction of water conservancy works, improved basic agricultural production conditions, strengthened calamity-resistance capability, and created conditions for maintaining high grain output. [passage omitted]
4. Science and technology have been applied to the promotion of agricultural development, this being the key to reaping a good grain harvest. [passage omitted]
5. Our province has firmly grasped agricultural production in winter. [passage omitted]

### Southwest Region

#### Tibet Achieves Record Grain Harvest

HK2911013090 Beijing CHINA DAILY in English  
29 Nov 90 p 1

[By staff reporter Xie Liangjun]

[Text] Tibet has achieved a record grain harvest of 555,000 tons this year, an increase of 20,000 tons of 1989, an official from the Beijing Office of the People's Government of the Tibetan Autonomous Region told CHINA DAILY yesterday.

The official attributed the bumper harvest partly to favourable weather conditions. Another report in yesterday's PEOPLE'S DAILY said more construction in agricultural irrigation systems, more investment in agricultural production and wider use of science and technology in farming had also contributed to the record crop.

The report said that more than 130,000 hectares of cultivated land had been equipped with an effective irrigation network, while about 24.1 million yuan (\$4.6 million) had been invested in agricultural water conservancy and irrigation construction this year.

But despite the bumper harvest, the region still had a long way to go to become self-sufficient, the official said, adding that it would continue to import grain from other parts of the country to make up its large deficits.

In a bid to become self-sufficient by the year 2000, the official said, the region planned to launch large-scale development of its three major river valleys—the Yarlung Zangbo, Lhasa and Nyang—which is expected to be included in the State's Eighth Five-Year Plan (1991-95).

The official said investment of 2 billion yuan (\$384 million) would be earmarked for the 10-year agricultural development programme.



Last year the region had had to import 150,000 tons of grain, an increase of 15,000 tons over 1988, because of a rapidly-growing population and low productivity resulting from high altitude and cold weather, the official said.

Tibet has a population of 2.2 million, 16 percent more than in 1982.

#### **Correction on People's Congress Approves Changes** *OW2111014090*

The following correction pertains to the item under the headline "Tibet Congress Standing Committee Session Ends" and under the subhead "Personnel Changes Approved" published in the 20 November China DAILY REPORT on pages 54-55:

Page 54, column two, second paragraph, only sentence make read: ...of the 59th chairmanship meeting of the fifth... (changing name of meeting per monitor recheck).

Page 55, column one, third paragraph, only sentence make read: ...president of the intermediate people's court in... (changing name of court per monitor recheck).

Same sentence, make read: ...judge of the intermediate people's court in... (changing name of court per monitor recheck).

Same sentence, make read: ...member of the Judicial Committee of the... (changing name of committee per monitor recheck).

Fourth paragraph, only sentence make read: ...president of the intermediate people's court in... (changing name of court per monitor recheck).

Same sentence, make read: ...member of the Judicial Committee of the autonomous regional Higher People's Court, Tun Zhu as member of the Judicial Committee of the... (changing name of committee per monitor recheck).

Same sentence, make read: ...judge of the intermediate people's court in Shannan Prefecture, Wei Guiwu as judge of the intermediate people's court in Shannan Prefecture, Shi Gu as president of the intermediate people's court in Nagqu Prefecture, Zhong Qinghe as judge of the intermediate people's court in Nagqu Prefecture, Bai Ciren as judge of the intermediate people's court in Nagqu, Yima Ciren as judge of the intermediate people's court in Nyingchi Prefecture, Xu Huangxin as judge of the intermediate people's court in Nyingchi Prefecture, and Liu Guoren as judge of the intermediate people's court in... (changing name of court per monitor recheck).

#### **Conference on Strengthening Party School Work** *HK2911023990 Kunming Yunnan Provincial Service in Mandarin 1000 GMT 27 Nov 90*

[Excerpt] The fourth Yunnan provincial conference on party school work closed in Kunming yesterday afternoon.

The conference participants believe that the party Central Committee's decision to improve the party school's performance is a major, necessary strategic measure to strengthen party building, uphold the party's basic lines, reject peaceful evolution, and promote socialist modernization under the current situation.

The provincial party committee has adopted a resolution that cadres on the county party committee standing committees and on party committees at a higher level will be sent to the party school under the provincial party committee group after group at different times to receive education on the party's basic lines. They will then take care of party building at the grass-roots level. This is an important policy decision by which we shall open up brand-new prospects for our efforts to strengthen party organizations, and making a success of all levels of party schools is crucial to putting this policy decision into effect.

The meeting called on all levels of party committees and party schools to deepen their understanding of the importance and pressing nature of improving party school work from the high plane of strategy, build the party school into a Marxist position and a furnace in which cadres will be tried to increase their party spirit.

The meeting held: The party school should integrate theory with practice in training students and further correct the guiding ideology for running schools. All levels of party committees should earnestly strengthen their leadership over the party school, pay great attention to the building of leadership line-ups, and of the contingent of teachers of the party school. All levels of party committees and governments should help the party school to improve conditions for running the school. While placing itself under the leadership of the party committee at the same level, the party school should establish professional relations with other party schools at provincial, prefectural, county, township, and town level to raise their professional level.

Pu Chaozhu, secretary of the provincial party committee and president of the provincial party committee party school, attended the meeting held yesterday afternoon. [passage omitted]

### **North Region**

#### **Beijing's Li Ximing Writes Inscription**

*SK2911094390 Beijing BEIJING RIBAO in Chinese 19 Oct 90 p 1*

[By reporter Yang Xianhui (2799 0341 1979): "During The 10th Anniversary of the Starting of Publication of the Suburban Edition of BEIJING RIBAO, it Is Necessary To Adhere to the Correct Orientation and To Serve Peasants on the Outskirts of Beijing"]

[Text] Yesterday, the suburban edition of BEIJING RIBAO held a forum to mark its 10th anniversary of the starting of publication.

Li Ximing, secretary of the municipal party committee, Chen Xitong, mayor of the municipality, and Wang Xian, chairman of the municipal Advisory Commission, wrote inscriptions for the suburban edition to express their congratulations. The inscription of Li Ximing reads: Adhere to the socialist orientation and follow the road leading to common prosperity. The inscription of Chen Xitong reads: The socialist life is getting better every day and the voice of socialism is becoming louder. The inscription of Wang Xian reads: It has been working hard for 10 years and has borne the four modernizations and peasants in mind and looked into rural affairs. It has firm party spirit and a clear-cut stand.

Attending yesterday's forum were Wang Xian; Li Zhijian, member of the Standing Committee of the provincial party committee and director of the Propaganda Department of the provincial party committee; Huang Chao, vice municipal mayor; and responsible comrades of various bureaus and general companies under the municipal agricultural department, and various districts and counties, a total of more than 100 persons.

Over the past 10 years, under the leadership of the municipal party committee and government and the support of the party committees of various districts, counties, and bureaus in the suburban areas, the publication volume of the suburban edition of BEIJING RIBAO increased from 10,000-odd copies to more than 370,000 copies at present. Thus, it has initially taken root in the hearts of peasants in the suburban areas.

In their speeches, Wang Xian, Li Zhijian, and Huang Chao noted: Since the past 10 years, the suburban edition of BEIJING RIBAO has played an important role in publicizing the party's principles and policies and promoting the building of spiritual and material civilization in the rural areas. In the future, continued efforts should be made to publicize the party's policies on reform and opening up, and to educate peasants to adhere to socialist orientation, to develop the collective economy, and to follow the road of common prosperity. They hoped that comrades of the editorial board of the suburban edition of BEIJING RIBAO will do a better job in running this newspaper and will serve the suburban peasants.

### **Inspects Cultural Center**

SK2911110990 Beijing BEIJING RIBAO in Chinese  
23 Oct 90 p 1

[By correspondent Dong Kelin (5516 0344 2651): "Activate Mass Cultural Life and Build Socialist Spiritual Civilization"]

[Text] On 21 October, Li Ximing, secretary of the municipal party committee, inspected the work of a cultural hall in Dongcheng District. He emphatically pointed out that strenuous efforts should be made to activate the mass culture and to do a good job in building socialist spiritual civilization.

On the morning of 21 October, after participating in the publicity work on the end-of-term elections of the people's congresses in Dongcheng District, Comrade Li Ximing went to the Dongcheng District Cultural Hall to inspect its work. He zealously examined the performance halls, paintings, and calligraphic rooms, and the singing and dancing rooms on each floor, and said to Xu Haifeng, secretary of the Dongcheng District party committee, who accompanied him during the inspection: It is very good to have such a well-equipped cultural hall in a district. The cultural hall must pay attention to how it is managed and orient its activities more to those which the masses will want to attend. It must not be like some exhibition halls where all kinds of exhibitions are held on the basis of how much money they will bring in.

At the reading room, Li Ximing conscientiously read the books on the shelves. He pointed to three magazines, namely "ZHONGLIU" [Middle Trend], "ZHENLI YU ZHUIQIU" [Truth and Pursuit], and "DANGDAI SICHAO" [Thoughts of the Present Age] and said: You have done a good job in running these three magazines. They have rich contents each aimed at specific subjects. We should conscientiously read and study them. He was very pleased with this cultural hall's efforts to offer good books. He said: In addition to providing a clean and quiet reading place for the masses, we should also provide healthy and useful books for them. Li Ximing cordially visited all personnel who voluntarily worked overtime on Sunday and encouraged them to make continued efforts to activate the mass cultural work.

### **Hebei Reports Jan-Sep Economic Figures**

SK2611135490 Shijiazhuang HEBEI RIBAO  
in Chinese 19 Oct 90 p 1

[By reporter Zhang Zhiqiang (1728 1807 1730): "Industrial Production Has Continued To Rise, but the Economic Results Have Not Been Good"]

[Text] The provincial Statistics Bureau, the provincial Financial Department, and the Hebei branch of the People's Bank of China jointly issued a notice on the province's eight important economic targets during the January-September period. This notice showed that along with the readjustment of the state retrenchment policy and the gradual implementation of all measures for invigorating the market, our province's immediate social demand has begun to rise, the contradictions between the overall social demand and supply have been slightly alleviated, and the national economy has continued to develop toward a good trend.

The investment of fixed assets in state enterprises showed a positive increase for the first time this year. During the January-September period, the whole province's investment in fixed assets totalled 4.766 billion yuan, an increase of 0.2 percent over the same period of last year. Of this, 2.311 billion yuan was invested in local projects, up 4.7 percent over the same period last year. While the investment began to increase, the investment structure was also readjusted. Of the investment in capital construction made by state enterprises, the

investment in production projects increased 1.1 percent over the same period last year, and the proportion of investment rose from 80.8 percent during last year to 81.4 percent; the investment in agriculture, forestry, animal husbandry, sideline production, and fisheries and water conservancy industry increased 37.6 percent; the investment in the energy industry increased 1.9 percent; and the investment in light industry increased 100 percent. The investment in updating and upgrading the equipment of state enterprises also improved. During the January-September period, the investment in this aspect reached 1.807 billion yuan, a decline of 0.1 percent from the same period last year. Thus, we basically ended this year's declining situation.

The balance of bank loans continued to increase. By the end of September, the total balance of bank loans across the province totaled 56.162 billion yuan, an increase of 3.684 billion yuan over the beginning of this year. Of this, the loans for investment in fixed assets totalled 6.826 billion yuan, an increase of 382 million yuan over the beginning of this year.

The total wages of workers increased steadily. During the January-September period, the whole province issued a total of 8.72 billion yuan for wages, an increase of 860 million yuan, or an increase of 11 percent, over the same period last year.

Industrial production continued to rise. During the January-September period, the total industrial output value of the whole province was 38.226 billion yuan (calculated in terms of the constant prices of 1980), an increase of 2.2 percent over the same period last year. However, because of the sluggish market and other reasons, the industrial economic results remained poor. In addition to the rise of 1.0 percent in the per-capita labor productivity of state industrial enterprises that practice independent accounting, the cost of industrial comparable products also rose by 6.77 percent over the same period last year; the tax rate on sales profits of industry and the tax rate on profits of industrial funds were 11 percent and 12 percent, respectively, all showing a decline from the same period of the previous year; and the energy consumption for producing 10,000 yuan worth of industrial goods was 7.41 tons of standard coal, up 3.49 percent over the same period last year. The province's tasks of readjusting the economic structure, improving economic results, and reducing energy consumption have remained very arduous.

### Northeast Region

#### Conference Held on Antipornographic Work

SK2911123390 Shenyang Liaoning Provincial  
Service in Mandarin 2300 GMT 29 Nov 90

[Text] The antipornographic, press, and publication work conference cosponsored by the provincial party committee and the provincial government was held in Shenyang on 28 November. The conference relayed the spirit of the central

antipornographic work conference, summed up experiences in the previous stage of antipornographic, press, and publication work, analyzed the current situation, worked out specific plans for the new antipornographic struggle, and implemented all tasks related to regular management of press and publication work.

Lin Sheng, vice provincial governor and deputy director of the leading group in charge of publicizing ideological work of the provincial party committee, delivered a work report at the conference, entitled: *Make Persistent and Unremitting Efforts To Grasp Antipornographic Work, Exert Strenuous Efforts To Promote Prosperity, and Firmly Occupy the Socialist Ideological and Cultural Front.*

In his report, Lin Sheng reviewed our province's major antipornographic work achievements and the existing problems. The achievements included the success in consolidating, clearing up, and purifying the book, newspaper, and periodical markets as well as the audio and video markets and in effectively preventing the rampancy of pornographic poison. All aspects exerted joint efforts to conscientiously grasp pornographic articles selling and manufacturing networks, earnestly checked and consolidated publication and printing units and publication channels, upheld the correct press and publication orientation focusing on social benefits, formulated laws and regulations for managing the cultural market, correctly understood and handled the relationship between antipornography and prosperity, strengthened the building and management of publication units, and enabled our province's publication situation to improve noticeably. Antipornographic work has educated the masses, enjoyed popular support, promoted the building of socialist spiritual civilization, and enhanced the party's prestige. In his report, Lin Sheng stressed: It is necessary to understand the antipornographic struggle from the perspective of upholding the four cardinal principles and opposing infiltration and peaceful evolution. In line with the party Central Committee's new antipornographic work plans, the organization department of the provincial party committee has decided to conduct a province-wide antipornographic struggle again during this winter-spring period. We should further clear up the markets for selling books, newspapers, periodicals, and audio and video articles, and thoroughly capture all books, periodicals, and audio and video articles which have been ordered to be destroyed and halt their sale, make concentrated efforts to strike at underground activities such as manufacturing and selling pornographic things and illegal publications, and block the underground pornographic articles circulation channels. The principal party and government leaders at all levels should assume personal leadership, and be determined to grasp this work until good achievements are made. It is necessary to fully mobilize the masses to deeply conduct an educational activity on checking pornography in the urban and rural areas across the province and to advocate and form a good social practice that it is an honor to combat pornography, a shame to see pornographic articles, a crime to manufacture pornographic



products, and a merit to oppose pornography. We should resolutely investigate and handle major and appalling cases in order to frighten criminals and suppress the trend of manufacturing and selling pornographic products and illegally published pornographic books and periodicals. All localities should step up their efforts to clear up cases left over since the carrying out of the antipornographic campaign. The judicial and public security departments should actively participate in this work in order to end the cases as soon as possible. We should thoroughly check the tendency of using fines to replace punishment, taking bribes, and giving light punishment. Efforts should be made to cut and consolidate audio and video units, ban the operation of those units whose mistakes are serious, pursue the criminal liabilities of those that violate criminal law, readjust or amalgamate those units without conditions for doing audio and video business or whose distribution is irrational. In addition, it is necessary to realistically strengthen organizational leadership over the antipornographic struggle and education on resisting pornography. Leaders in charge of this work of the party and government departments at all levels should work personally on the forefront, deeply understand the progress of the concentrated antipornographic action in their own localities and personally inspect and carry out the work in some key localities and units.

In his report, Lin Sheng also noted: The press and publication front should keep their eyes on construction, realistically strengthen regular management, build and improve city-level press and publication management organs, fully display the government's functional role, improve the legal system, strengthen serialized management in publication, printing, and distribution, consider producing more and better books along the socialist publication orientation as their fundamental task, deepen reforms, and promote prosperity in press undertakings.

Also attending the conference on 28 November were provincial leaders including Wang Chonglu, Wang Wenyuan, Shen Xianhui, and members of the provincial party committee's leading group in charge of ideological work.

### Northwest Region

#### New Gansu Secretary Addresses Leading Cadres

HK2811125790 Lanzhou Gansu Provincial Service  
in Mandarin 2300 GMT 27 Nov 90

[Text] The following is a speech made by Comrade Gu Jinchi at a meeting of leading cadres of Gansu Province:

Gu Jinchi said: The central authorities have decided to send me to work in Gansu. As a Communist Party member, it is my duty to accept an arrangement made by the party and to work hard to accomplish the task given by the party. I am determined to join hands with all the comrades in working hard and successfully carrying out work. Since I have never been to Gansu, I am not familiar with the situation here. Some comrades have

briefed me on the situation here. The leading comrades of the central authorities also gave me some instructions during our talks. However, because I have not yet carried out investigations and research, I cannot offer any specific views apart from making a statement of principle to the comrades. I welcome all the comrades to criticize and correct any inappropriate points in my statement.

1. To adhere to the ideological line of seeking truth from facts. I am determined to spend some time on carrying out conscientious investigations and research and to try to acquire a relatively comprehensive understanding of Gansu to successfully implement and carry out the party's basic line and all the principles and policies of the party in light of the realities in Gansu and avoid subjectivism and a loss of contact with reality.

2. To modestly learn from veteran comrades and all the comrades holding office at present and strive to inherit and develop the fine ideology, style, and experiences formed by all the comrades during their work in Gansu to ensure good work in the future.

3. To adhere to the organizational principle of democratic centralism, make decisions on major questions by relying on collective discussion and collection of correct views, implement decisions by virtue of collective strength, constantly pay attention to, study, and solve hot-spot problems about which the masses are most concerned, and fully mobilize the enthusiasm of the broad masses of cadres and people.

4. To direct more energies to grasping and discussing major issues, make overall arrangements, strengthen coordination, implement the "classified guidance" principle, bring into play advantages of various areas, and sum up and popularize good and model experiences in order to push ahead with the development of all types of work.

5. To be strict with myself and lenient with others, set a good example, take the lead in developing the party's fine traditions and style, and successfully carry out clean-government system building.

Gu Jinchi finally said: In a word, I am determined to join hands with all the comrades in working hard to do well all types of work in Gansu under the leadership of the party Central Committee and with the help of the veteran comrades and the support of the broad masses of cadres and people.

#### Retired Xinjiang Soldiers Leave for Home

OW2811005290 Urumqi Xinjiang Television Network  
in Mandarin 1400 GMT 27 Nov 90

[Announcer-read video report from "Xinjiang News" program]

[Text] The first group of more than 1,100 retired soldiers of the Xinjiang Military District left Urumqi for their homes yesterday, taking a special train. Party, government, and military leaders of the autonomous region, including Zhang Fushen, Yusufu Muhanmode, Gao

Huanchang, Tang Guangcai, Fu Bingyao, and Ulatayov, as well as leaders of Urumqi City, including Wu Runsheng and Zhang Guwen, went to the railway station to see them off. [Video begins with retired soldiers marching in file at night carrying backpacks. Other shots show leaders seeing them off at railway station]

During the seeing-off ceremony, a brief military review was held. Zhang Fushen, deputy secretary of the party committee of the autonomous region; and Fu Bingyao,

deputy commander of the Xinjiang Military District, spoke respectively. They expressed their hopes that the retired soldiers will continue to promote the excellent tradition of the party and the military, actively participate in China's modernization and perform new meritorious deeds in their new jobs.

It was learned that other retired soldiers of the Xinjiang Military District will leave for their homes in succession.

## Hong Kong

### Article Further Criticizes Hong Kong Newspapers

HK2911042590 Beijing RENMIN RIBAO in Chinese  
14 Nov 90 p 4

[Article by Li Demin (2621 1795 3046): "Further on Rumors"]

[Text] On the 11th of this month, RENMIN RIBAO published my article "Rumors Are Rumors," which evoked repercussions from some Hong Kong newspapers. Such quick reactions really are admirable.

Nevertheless, we cannot agree with the views of some Hong Kong newspapers. My article says that a certain Hong Kong magazine made many unwarranted fabrications, such as "political background" and "the course of publication," with regard to a RENMIN RIBAO editorial on the exposition of the CPC's basic line. However, a certain Hong Kong newspaper stated: "If the CPC can have more openness (also called transparency) and allow the people to have the right of knowledge, the hearsay and 'rumors' will have no market."

This really is a strange tale from over the seas. What are "openness" and "transparency"? Must a newspaper state who wrote, corrected, and finalized an editorial when published? Are your newspapers done this way? What has this to do with "openness" and "transparency"? Moreover, do you think that fabrications can be made at random if "openness" and "transparency" are not high?

Either openness or transparency has always been relative. In the present Gulf crisis, swords are drawn and bows bent, and armed conflict may break out at any moment. However, who knows whether or not the United States will fight, after all, or when it will fight? Who has disclosed this news? The writer holds that neither will the certain Hong Kong newspaper with such "well-informed" sources know.

You have kept on saying that the CPC's "openness" and "transparency" are not high. This implies that your "openness" and "transparency" are high; otherwise, you have no right to criticize other people. Since you dare to criticize other people, you are requested to have high

"openness" and "transparency," to delete the words "according to" in your "according to a report," "according to information," "according to reliable sources," "according to persons in the know," "according to authoritative figures," and "according to those who are unwilling to reveal their names," and to say Zhang, Li, or anybody! I may conclude: You dare not and cannot. It is because you make groundless accusations, speak or act on hearsay evidence, and even go to the length of simply cooking up a story and spreading it around and telling lies. There are all sorts of strange things in the broad expanse of the world. There definitely are one or two people on the vast mainland who disclose information to you. Can you make their names known to the public? Thus it is obvious that your "openness" and "transparency" also are limited. I want to remind you here: What they "have disclosed" often is unreliable; "reliable" is purely a deceitful word.

While you pay attention to RENMIN RIBAO, I also pay attention to the trends of your newspapers. It is a time-honored practice that some Hong Kong newspapers and magazines spread rumors and make trouble. Recently they have done more. I originally did not want to pay any heed to them, and my article says: "When their rumors are exposed, they also speak plausibly and at length: It is because you do not have high 'transparency.'" Unfortunately, my prediction has come true and you really said so.

It is useless to state reasons to those who "are always reasonable" and I had better pay no heed to them. It wastes time and enhances their status to pay heed to them.

### PRC Official Sees Legislature as 'Advisory'

HK2911013990 Hong Kong HONGKONG STANDARD  
in English 29 Nov 90 p 6

[Text] A brief 20-minute observation at yesterday's Legislative Council meeting did not change the perceptions of five officials from Chinese State Council's Hong Kong and Macao Affairs Office.

Chen Zuor, a department deputy director, said the visit gave him a chance to feel the atmosphere. But it did not change his view of it as just an advisory body that, as a whole, did not reflect the people's will.



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